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FINANCIAL STATEMENTS

1. Condensed Consolidated Statement of Comprehensive Income

For the periods ending March 31, 2018 and March 31, 2017
(all amounts in EUR thousands unless other stated)

	Note	Q1 2018	Q1 2017
Revenue	3	316,106	214,763
Costs incurred from financial institutions	3	(239,935)	(169,808)
Cost of inventory	3	(1,813)	(468)
<i>Net revenue</i>	3	<i>74,358</i>	<i>44,487</i>
Wages and salaries	5	(17,361)	(11,640)
Social securities and pension costs	5	(2,926)	(2,049)
Amortization and depreciation of tangible and intangible fixed assets	11	(1,988)	(1,347)
Other operating expenses		(19,988)	(11,210)
Dividends	10	54	-
Income before interest income, interest expense and income taxes		32,149	18,241
Finance income		42	46
Finance expense		(418)	(12)
Other financial results		(513)	(57)
Net finance income		(889)	(23)
<i>Income before income taxes</i>		<i>31,260</i>	<i>18,218</i>
Income taxes	6	(7,181)	(4,081)
<i>Net income for the period</i>		<i>24,079</i>	<i>14,137</i>
<i>Net income attributable to:</i>			
Owners of Adyen B.V.		24,079	14,137
		24,079	14,137
<i>Other comprehensive income</i>			
Items that may be reclassified to profit or loss:			
Gains on re-measuring of fair value through other comprehensive income financial assets		-	2,320
Deferred income tax relating to this item		-	(1,885)
Other currency translation adjustments		-	(539)
Currency translation adjustments subsidiaries		275	(30)
Other comprehensive income for the year		275	(133)
<i>Total Comprehensive income for the year (attributable to owners of Adyen B.V.)</i>		<i>24,354</i>	<i>14,004</i>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

2. Condensed Consolidated Balance Sheet

For the periods ending March 31, 2018 and December 31, 2017
(all amounts in EUR thousands unless other stated)

	Note	31-Mar-18	31-Dec-17
Assets			
Intangible assets		3,958	3,978
Plant and equipment	11	20,135	19,990
Available-for-sale financial asset	10	-	25,076
Financial asset at fair value through P&L	10	25,607	-
Contract assets	3	136,251	-
Receivables	10	4,289	4,248
Deferred tax assets	6	18,501	1,627
Total Non-current assets		208,741	54,919
Inventories		4,910	4,017
Receivables from financial institutions	10	232,029	180,719
Trade and other receivables	10	26,270	25,567
Current income tax receivables	6	15,135	2,061
Investments held-to-maturity	10	-	6,989
Financial assets at amortized cost	10	7,581	-
Cash and cash equivalents	8	890,561	862,930
Total Current assets		1,176,486	1,082,283
Total assets		1,385,227	1,137,202
Equity			
Share capital	7	295	295
Share premium	7	149,325	149,314
Other reserves		10,519	27,933
Retained earnings		254,333	212,236
Total Equity attributable to owners of Adyen B.V.		414,472	389,777
Derivative financial instruments	3	76,300	-
Deferred tax liabilities	6	22,145	5,130
Total Non-current liabilities		98,445	5,130
Payable to merchants and financial institutions	10	835,787	717,305
Trade and other payables		33,150	24,990
Deferred revenues	3	3,373	-
Total Current liabilities		872,310	742,295
Total liabilities and equity		1,385,227	1,137,202

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

3. Condensed Consolidated Statement of Changes in Equity

For the periods ending March 31, 2018 and March 31, 2017
(all amounts in EUR thousands unless other stated)

	Note	Share capital	Share premium	Other legal reserves	Other reserves	Retained earnings	Total equity
Balance - December 31, 2016	8	294	148,331	20,793	4,913	140,631	314,962
Net income for the year						14,137	14,137
Other adjustments						321	321
Intangible assets				202		(202)	-
<i>Other comprehensive income/ (expense)</i>							
Re-measurement available-for-sale financial asset	10			435			435
Other currency translation adjustments				(539)			(539)
Currency translation adjustments subsidiaries				(29)			(29)
Total comprehensive income for the period		-	-	69	-	14,256	14,326
<i>Transactions with owners in their capacity as owners:</i>							
Proceeds on issuing shares		0	200				200
Share-based payments	4				319		319
Balance – March 31, 2017		294	148,531	20,862	5,232	154,887	329,807

	Note	Share capital	Share premium	Other legal reserves	Other reserves	Retained earnings	Total equity
Balance - December 31, 2017	8	295	149,314	21,726	6,207	212,236	389,777
Change in accounting policy	10			(20,061)		20,061	-
Restated total equity at the beginning of the financial year		295	149,314	1,665	6,207	232,297	389,777
Net income for the year						24,079	24,079
Other adjustments				2,064		(2,064)	-
Intangible assets				(21)		21	-
<i>Other comprehensive income/(expense)</i>							
Currency translation adjustments subsidiaries				275			275
Total comprehensive income for the period		-	-	2,318	-	22,036	24,354
<i>Transactions with owners in their capacity as owners:</i>							
Proceeds on issuing shares	8		11				11
Share-based payments	4				330		330
Balance – March 31, 2018		295	149,325	24,043	6,537	234,272	414,472

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

4. Condensed Consolidated Statement of Cash Flows

For the periods ending March 31, 2018 and March 31, 2017
(all amounts in EUR thousands unless other stated)

	Note	Q1 2018	Q1 2017
Income before income taxes		31,260	18,218
<i>Adjustments for:</i>			
- Finance income		(42)	(46)
- Finance expenses		418	12
- Other financial results		513	57
- Depreciation of plant and equipment		1,609	1,017
- Amortization of intangible fixed assets		379	330
- Share-based payments	4	309	319
<i>Changes in Working capital:</i>			
- Inventories		(893)	(3,470)
- Trade and other receivables		(703)	(2,801)
- Receivables from financial institutions		(51,310)	44,717
- Payables to merchants and financial institutions		118,482	(33,351)
- Trade and other payables		8,160	(920)
- Deferred revenues	3	3,373	-
- Purchase of contract assets	3	(60,751)	-
<i>Cash generated from operations</i>		<i>50,804</i>	<i>24,083</i>
Interest received		42	4
Interest paid		(418)	(12)
Income taxes paid		(20,114)	(21,588)
Net cash flows from operating activities		30,314	2,487
Purchases of financial assets at amortized cost	10	(7,581)	-
Purchases of plant and equipment	11	(1,754)	(806)
Capitalization of intangible assets		(359)	(317)
Redemption of investments held-to-maturity	10	6,989	-
Dividends received		54	-
Net cash used in investing activities		(2,651)	(1,123)
Proceeds from issuance of ordinary shares	7	-	-
Share premium paid by the shareholders	7	11	200
Net cash flows from financing activities		11	200
Net increase in cash, cash equivalents and bank overdrafts		27,674	1,564
Cash, cash equivalents and bank overdrafts at beginning of the year		862,930	680,067
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		(43)	(296)
Cash, cash equivalents and bank overdrafts at end of the year		890,561	681,335

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

5. Notes to the Condensed Interim Consolidated Financial Statements

General Information

Adyen B.V. is a licensed Credit Institution by De Nederlandsche Bank (the Dutch Central Bank) and registered in the Netherlands under the company number 34259528. The Credit Institution license includes the ability to provide cross-border services in the EEA.

Adyen B.V. directly or indirectly owns 100% of the shares of its subsidiaries, and therefore controls all entities included in these interim condensed consolidated financial statements.

All amounts in the notes to the interim condensed consolidated financial statements are stated in thousands of EUR, unless otherwise stated.

Basis of preparation

Adyen applies the option of publishing condensed group financial statements under IAS 34 – *Interim Financial Reporting*. The interim condensed consolidated financial statements for the three months ended March 31, 2018 have been prepared in accordance with IAS 34 for the purpose of being included in the prospectus relating to the proposed offering and admission to trading and listing of ordinary shares in the capital of Adyen. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Adyen annual consolidated financial statements as at December 31, 2017.

Significant accounting policies

Significant and other accounting policies that summarize the measurement basis used and are relevant to understanding the financial statements are provided throughout the notes to the interim financial statements.

Critical judgements and estimates

Significant estimates involve a higher degree of judgment or complexity, and regard items that are more likely to be materially adjusted due to inaccurate estimates and/or assumptions turning out to be wrong. Detailed information about these estimates and judgments are included in the notes along with information about the basis of calculation for each affected line item in the financial statements. The areas involving significant estimates or judgments are:

- Revenue from contracts with customers – refer to note 3;
- Fair valuation of financial liabilities at fair value – refer to note 10; and
- Principal versus agent in settlement fees revenue – note 3

New Standards Adopted by the Group

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Adyen annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of standards effective as of January 1, 2018.

Adyen has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. As required by IAS 34, the nature and effect of these changes are disclosed in the referenced notes. Adyen applies, for the first time in these interim financial statements:

- IFRS 15 Revenue from Contracts with Customers (refer to note 3); and
- IFRS 9 Financial Instruments that require restatement of previous financial statements (refer to note 3 and note 10).

The qualitative impact assessment of the first time application on January 1, 2018 of these standards is disclosed below in notes 1 and 2.

1. IFRS 15 - Revenue from contracts with customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

IFRS 15 has no financial impact upon adoption on January 1, 2018. For the impact assessment Adyen has assessed its current merchant contracts and did not identify performance obligations other than the obligations as already used to recognize payments revenue.

Given the nature of Adyen's business model the revised notion of control and resulting revenue recognition date does not impact the recognition policy applied by Adyen. The change from risk and rewards to control does not affect the agent principal assessment. Adyen is still considered as the principal in the revenue streams resulting in revenue being recognized on a gross basis.

2. IFRS 9 - Financial Instruments

IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model for financial assets.

Adyen adopted IFRS 9 without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at December 31, 2017, but are recognized in the opening balance sheet on January 1, 2018 (refer to note 10).

Classification and measurement

Visa preferred shares - previously classified as available-for-sale

Adyen classifies these shares at FVPL. Related fair value gains of 20,061 were transferred from the other comprehensive income reserve to retained earnings on January 1, 2018. In the three months to March 31, 2018, net fair value gains of 414 relating to these investments were recognized in profit or loss, along with deferred tax expense of 117.

Government bonds - previously classified as held to maturity

As a licensed credit institution Adyen has to comply with liquidity requirements in both its functional currency and other significant currencies defined under CRR/CRD IV. These significant currencies are based on the eligible liabilities in scope of regulatory liquidity requirements (LCR Delegated Act). In order to comply with these liquidity requirements Adyen has, in the course of 2017, purchased US and UK treasury bonds denominated in USD and GBP, respectively. Both bonds matured in March 2018. In March 2018 Adyen purchased two new bonds with similar characteristics to ensure continuous compliance. The bonds purchased in March 2018 also mature within one year and are therefore presented as short-term in the balance sheet.

Adyen intends to hold the bonds to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of the bonds as per January 2018, until they matured in March 2018.

Other financial instruments: Cash and cash equivalents, trade receivables and other short-term receivables

Classification and measurement of cash and cash equivalents, trade receivables and other short-term receivables remains unchanged; these are measured at amortized cost.

Impairment

All financial instruments except for instruments classified as FVPL are in scope of IFRS 9 impairments. The instruments in scope for IFRS 9 impairments on the Adyen Balance sheet are described below:

Government bonds

For the bonds the low credit risk simplification will be applied, and hence all bonds are considered to be in stage 1 and a 12-month expected credit loss is applied.

The government bond financial instruments on the balance sheet as per January 1, 2018 and March 31, 2018 had a high credit rating and as per March 31, 2018 a duration less than 1 year. The resulting Expected Credit Losses on these bonds have no financial impact.

Trade receivables

For trade receivables, to measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Adyen has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets and added 528 to the provision.

Other financial instruments: Cash and cash equivalents and other short-term receivables

Due to the nature of the Adyen business model the average duration of the instruments in scope for impairment calculation is below 10 days the resulting Expected Credit Losses on these instruments have no financial impact.

Due to the low financial impact the impact forward-looking elements are included in the expected credit loss assessments but also considered to have no financial impact.

Hedge accounting

Adyen does not apply Hedge Accounting and therefore IFRS 9 Hedge Accounting is out of scope.

Key Disclosures

3. Revenue and segment reporting

Accounting policy – Contract with customers IFRS 15

Adyen has the following sources of revenue:

- (i) Processing fees: recognized as revenue when transaction is initiated via the Adyen payment platform.
- (ii) Settlement fees: Settlement fees are recognized as revenue when a payment transaction has been completed by means of settlement with the merchant.
- (iii) Sales of goods: As Adyen satisfies that performance obligations to deliver the POS terminal upon completion and transfer of control of the terminal to the merchant the revenues are also recognized at point in time
- (iv) Other revenue (such as foreign exchange service fees, sale of inventory and third party commission): recognized at point in time or point over time depending on the service rendered.

Impairments on contracts assets are recognized if the carrying amount is lower than the recoverable amount.

The breakdown of revenue from contracts with customers per type of goods or service is as follows:

Types of goods or service	Q1 2018	Q1 2017
Settlement fees	271,384	186,624
Processing fees	29,401	18,686
Sales of goods	3,481	478
Other services	11,840	8,976
Total revenue from contracts with customers	316,106	214,763
Costs incurred from financial institutions	(239,935)	(169,808)
Costs of inventory	(1,813)	(468)
Net revenue	74,358	44,487

Key Judgment – principal versus agent in settlement fees

An entity is acting as a principal when it has exposure to the significant risks and rewards associated with selling goods or rendering services. The settlement fees consists of credit card fees and banking fees plus a mark-up charged for the payment services provided.

Scheme and Interchange fees – Adyen is the principal

Scheme and Interchange fees, credit card and banking fees plus mark-up charged for the payment services provided revenue is recognised based on the conclusion that Adyen acts as a principal for all the payment processing services it provides to the merchants.

The breakdown of revenue from contracts with customers based on timing

Timing of revenue recognition	Q1 2018	Q1 2017
Goods and services transferred at point in time	315,430	214,763
Services transferred over time	676	-
Total revenue from contracts with customers	316,106	214,763

The interim operations of Adyen reported in these condensed consolidated financial statements are not considered seasonal nor cyclical.

The geographical breakdown of net revenue:

Geographical markets	Q1 2018	Q1 2017
Europe	49,017	32,358
North America	10,171	4,433
South and Middle America	8,854	4,866
Asia	6,110	2,621
Rest of the World	207	210
Net revenue	74,358	44,487

During the period Adyen has signed a contract with a customer (as defined in IFRS 15) for the provision of payment services that resulted in the recognition of contract assets of EUR 136 million, a derivative liability of EUR 75.5 million and deferred revenue of EUR 4 million. The contract assets of EUR 136 million will be amortized and booked to revenue on a pro rata basis in line with the fulfilment of the expected payments services performance obligation.

4. Share based payments

Adyen considers its employees and culture as core to its growth. As part of the total remuneration package, Adyen has two types of share-based payments:

1. Depositary receipts to directors and employees (granted until 2013)
2. Equity settles option plan

These plans and key parameters are described in more detail in the 2017 consolidated financial statements.

For the three months ended March 31, 2018, Adyen has recognized 309 of share-based payment expense in the statement of profit or loss (during the three months ended March 31, 2017: 319).

5. Employees

Employees and the Adyen culture are strategic focus areas for Adyen, Adyen continues to invest in this key area. The number of fulltime equivalents at March 31, 2018 was 719 FTE of which 292 FTE outside of the Netherlands. As a result of the worldwide operating and acquiring strategy the breakdown of employees for the largest legal entities of Adyen are based in Amsterdam 427, San Francisco 78, São Paulo 44, London 40 and Singapore 36 (FTE's at March 31, 2018).

6. Income taxes

Adyen calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

	31-Mar-18	31-Mar-17
Current income tax expense	7,040	4,160
Deferred income tax expense	141	(79)
Total	7,181	4,081

Capital management and financial instruments

7. Capital management

Adyen's objective when managing capital is to safeguard its ability to continue as a going concern. Furthermore, Adyen ensures that it meets regulatory capital requirements at all times.

	31-Mar-18	31-Dec-17
Ordinary shares	295	295
Share premium	149,325	149,314
Total	149,620	149,609

During the three months ended March 31, 2018 698 additional shares were issued as a result of exercises of employee options. The number of outstanding shares is 29,443,185 (as of March 31, 2017: 29,386,301) ordinary shares (nominal value EUR 0.01 per share). The total of distributable reserves amounts to 404,458 (December 31, 2017: 361,550) and the other reserves presented above are restricted for distribution.

Earnings are added to reserve and there is no active dividend policy, retained earnings are used to support and finance the growth strategy.

8. Cash and cash equivalents

As per March 31, 2018 282,387 (March 31, 2017: nil) represents cash held at central bank amongst others to comply with regulatory liquidity requirements.

Adyen cash which is surplus to regulatory requirements and operational needs is invested in interest bearing short-term deposits with financial institutions and is exposed to credit risk. Adyen continuously manages concentration, and credit risk towards these institutions. No defaults occurred during the reporting period and management does not expect any losses from non-performance by these counterparties.

9. CRR/CRD IV Regulatory Capital

The following table displays the composition of regulatory capital as at March 31, 2018. The regulatory capital is based on the CRR/CRD IV scope of consolidation, which is the same as the IFRS scope of consolidation.

<i>EU-IFRS Equity as reported in consolidated balance sheet</i>	414,472
<i>Net profit not included in CET1 Capital (not yet eligible)</i>	(24,079)
<i>Prudential filters and deductions</i>	
<i>Intangible assets</i>	(3,958)
<i>Prudent valuation</i>	(75)
Own funds as per March 31, 2018	386,360

10. Financial Instruments

Accounting policy – Financial instruments (IFRS 9)

Classification

From January 1, 2018, Adyen classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at FVPL, gains and losses will be recorded in profit or loss. Adyen reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, Adyen measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on Adyen's business model for managing the asset and the cash flow characteristics of the asset. Adyen measures its debt instruments as follows:

- Amortised cost: Held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial assets and liabilities at fair value through profit and loss

- Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss is subsequently measured at FVPL and gains or losses are recognized in profit or loss and presented net within other gains and losses for the period in which it arises.

Impairment

From January 1, 2018, Adyen assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and contract assets, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The expected credit loss model is applicable to debt instruments that are classified as amortised cost or at FVOCI.

Instruments in scope on the balance sheet of Adyen include: Cash and cash equivalents, Receivables from financial institutions, Trade receivables, and other receivables. The expected credit loss model is to measure the pattern of improvement or deterioration in the credit quality of the debt instruments. The measurement basis consists of two categories

- Stage 1: Expected credit losses (12 months)
- Stage 2: Life time expected credit losses

The Adyen Treasury policy only allows exposures to financial institutions with sound credit quality rating and limits the exposure to a maximum amount. As a result, Adyen applies the low credit risk simplification and hence all assets are considered to be in stage 1 and a 12-month expected credit loss is applied.

As the average duration of the instruments in scope for impairment calculation is below 10 days, no forward-looking elements are included in the expected credit loss assessment.

The table below shows the impact of the implementation of IFRS 9 on the financial assets held by Adyen:

31-Dec-17 IAS 39			1-Jan-18 IFRS 9		
	Classification	Carrying amount	Business model	Classification	Carrying amount
Financial assets		IAS 39			
Visa deferred consideration	Loans and receivables	4,248	Hold-To-Collect	Amortised cost	4,248
Visa preferred shares	Available-For-Sale	25,076	Not applicable	FVPL	25,076
Government Bonds	Held-To-Maturity	6,989	Hold-To-Collect	Amortised cost	6,989
Receivables	Loans and receivables	206,286	Hold-To-Collect	Amortised cost	206,286
Cash and cash equivalents	Loans and receivables	862,930	Hold-To-Collect	Amortised cost	862,930

Adyen did not recognize any impairments (unless otherwise stated) on financial instruments during the three months ended March 31, 2018 (during the three months ended March 31, 2017: nil), nor did Adyen reverse any impairment losses. Adyen has the positive intent and ability to hold the bonds to maturity and Adyen therefore applies a hold-to-collect business model. The fair value (level 1) of debt instruments at amortised cost approximates the carrying value due to the short-term nature of the instruments. Interest income on these debt securities is recognized in the income statement measured via the effective interest method.

Adyen has recognized and classified the convertible preferred Visa shares within the FVPL category. The fair value of the level 2 preferred stock in Visa Inc. is based on the fair value of Visa Inc. common stock multiplied by an initial conversion rate of preferred stock into common stock. The conversion rate of the preferred stock into an equivalent number of common stock may fluctuate in the future. The Visa shares carry the right to receive discretionary dividend payments.

The derivative liability is equity settled, and the potential number of shares to be issued under the contract is fixed, the amount of cash to be received upon issuance of the shares is variable at the inception of the contract. The fair value of this derivative liability at issuance is considered a non-cash consideration. In accordance with IFRS 13 the fair value of the contract asset is determined based on Level 3 inputs. As of March 31, 2018, Adyen carried out a sensitivity analysis with regard to the derivative financial liability. In case of a 8% lower or higher than expected underlying share price, ceteris paribus, the value of the derivative liability would have been approximately EUR 5 million lower respectively higher.

Adyen did not transfer financial instruments between levels of the fair value hierarchy. Changes in the classification of financial assets were due to the implementation of IFRS 9 and do not reflect a change in the purpose of holding the asset.

Other disclosures

11. Plant and equipment

In 2018 Adyen continued to invest in its infrastructure hardware resulting in investments of 1,754. Despite these investments Adyen continues to leverage on its unified, internally built, single platform with low integration costs and as a result incurs low capitalization costs. Adyen did not recognize a loss from the impairment of property, plant nor equipment during the three months ended March 31, 2018 (during the three months ended March 31, 2017: nil), nor did Adyen reverse any impairment losses.

12. Share information

Adyen presents basic and diluted earnings per share (EPS) data for its ordinary shares. The calculation of earnings per share is as follows:

- 1) Basic EPS: dividing the Net profit (or loss) attributable to shareholders by the weighted average number of outstanding ordinary shares outstanding during the period.
- 2) Diluted EPS: determined by adjusting the basic EPS for the effects of all dilutive potential ordinary shares, which in the case of Adyen only relates to share options.

	31-Mar-18
Net profit attributable to ordinary shareholders	24,079
Weighted average number of ordinary shares for the period	29,441,952
Dilutive effect share options	1,280,533
Weighted average number of ordinary shares for diluted net profit for the period	30,722,485
1) Net profit per share – basic	0.82
2) Net profit per share - diluted	0.78

13. Related party transactions

During the three months ended March 31, 2018 there were no transactions with related parties (during the three months ended March 31, 2017: nil).

14. Contingencies and Commitments

At 31 March 2018 Adyen had lease commitments of 25,233, (March 31, 2017: 29,823). No contingent rent payments were made during the year.

Adyen has no contingent liabilities in respect to legal claims. Contingencies further remain unchanged compared to the 2017 annual report.

Per March 31, 2018 Adyen has a credit facility agreement of 7,500 (2017: 7,500) and 5,127 (2017: 5,217) used for bank guarantees and letters of credit. In addition, Adyen has an intra-day credit facility of EUR 100 million (2017: nil).

Events after the balance sheet date

There are no events after the reporting period.

Amsterdam, April 26, 2018

Adyen B.V.

6. Report on review of interim financial information



Report on review of interim financial information

To: the management board and supervisory board of Adyen B.V.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Adyen B.V. and its subsidiaries (the 'Group') as of 31 March 2018 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with Dutch Law, including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the company'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch Standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Amsterdam, 26 April 2018

PricewaterhouseCoopers Accountants N.V.

Original has been signed by R.E.H.M. van Adrichem RA

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1. Director's report

The Director's report is not included in these financial statements. Such report is available for review and can be obtained from the Chamber of Commerce in the Netherlands.

2. Significant Developments in the Current Reporting Period

As part of its growth strategy Adyen B.V. obtained a banking license in April 2017. As part of the transition from the payment service provider license to the banking license Adyen merged Adyen Client Management Foundation Stichting (hereinafter: Foundation) into the Adyen group (hereinafter: Adyen) in July 2017¹.

Adyen collects receivables from financial institutions and passes these amounts on to customers. The Foundation acted as a Trustee between the financial institutions and Adyen's merchants. As a result of this organizational change Adyen changed its Terms and Conditions to its Merchant Agreements to provide its customers the same level of protection and service they had previously enjoyed. This change in the terms and conditions resulted in a prospective accounting change of the receivables from card schemes as the majority of these receivables are no longer recognized in the balance sheet. This has a material impact as the related receivables from financial institutions that are directly linked to payables to merchants are no longer presented on the balance sheet. Adyen's statement of changes in equity and statements of comprehensive income are not affected (refer to notes 16 and 17).

As a result of the banking license Adyen B.V. converted the legal entities in Germany, France, Sweden, Spain and Belgium within the group to branches. This conversion resulted in the respective financial results of these entities comprising of assets and liabilities in the balance sheet and the income statement, to be prospectively accounted for in both the Adyen B.V. company financial statements and the consolidated financial statements. Previously the results of these legal entities were included only in the consolidated financial statements. These conversions occurred between September and November 2017.

Accounting policy – Common control transactions

The above described transactions were business combinations under common control as all entities were 100% owned and controlled by Adyen B.V. before and after the time of the business combinations, and therefore accounted for against carrying value.

¹ In these financial statements the entity Adyen B.V. is referred to as the company while the Adyen group is referred to as Adyen.

3. Consolidated Statement of Comprehensive Income

For the years ended December 31, 2017 and 2016

(all amounts in EUR thousands unless other stated)

	Note	2017	2016
Revenue	2	1,012,440	659,361
Costs incurred from financial institutions	2	(781,502)	(494,386)
Cost of inventory	4	(12,660)	(6,990)
<i>Net revenue</i>	2	<i>218,278</i>	<i>157,985</i>
Wages and salaries	5	(55,562)	(38,042)
Social securities and pension costs	5	(9,188)	(5,435)
Amortization and depreciation of tangible and intangible fixed assets	14/15	(5,935)	(4,136)
Other operating expenses	6	(54,199)	(47,433)
Other income	11	71	54
Other gains and losses	11	-	56,282
Income before interest income, interest expense and income taxes		93,465	119,275
Finance income		541	381
Finance expense		(775)	(236)
Other financial results	18	(1,007)	89
Net finance income		(1,241)	234
<i>Income before income taxes</i>		<i>92,224</i>	<i>119,509</i>
Income taxes	7	(20,917)	(22,279)
<i>Net income for the period</i>		<i>71,307</i>	<i>97,230</i>
<i>Net income attributable to:</i>			
Owners of Adyen B.V.		71,307	97,230
		71,307	97,230
<i>Other comprehensive income</i>			
Items that may be reclassified to profit or loss:			
Gains on re-measuring of available-for-sale financial assets	11	5,471	19,605
Deferred income tax relating to this item	11	(1,418)	(3,597)
Other currency translation adjustments	18	(2,064)	225
Currency translation adjustments subsidiaries	18	(1,080)	437
Other comprehensive income for the year		910	16,670
<i>Total Comprehensive income for the year (attributable to owners of Adyen B.V.)</i>		<i>72,217</i>	<i>113,900</i>

The accompanying notes are an integral part of these consolidated financial statements.

4. Consolidated Balance Sheet

As at December 31, 2017 and 2016
(all amounts in EUR thousands unless other stated)

	Note	31-Dec-17	31-Dec-16
Assets			
Intangible assets	14	3,978	3,955
Plant and equipment	15	19,990	15,084
Available-for-sale financial asset	11	25,076	19,605
Receivables	11	4,248	4,080
Deferred tax assets	7	1,627	1,160
Total Non-current assets		54,919	43,884
Inventories	4	4,017	3,246
Receivables from financial institutions	16	180,719	636,751
Trade and other receivables	16	25,567	11,655
Current income tax receivables	7	2,061	-
Investments held-to-maturity	11	6,989	-
Cash and cash equivalents	9	862,930	680,067
Total Current assets		1,082,283	1,331,719
Total assets		1,137,202	1,375,603
Equity			
Share capital	8	295	294
Share premium	8	149,314	148,331
Other reserves		27,933	25,706
Retained earnings		212,236	140,631
Total Equity attributable to owners of Adyen B.V.		389,777	314,962
Deferred tax liabilities	7	5,130	3,848
Total Non-current liabilities		5,130	3,848
Payable to merchants and financial institutions	17	717,305	1,027,043
Trade and other payables	17	24,990	14,715
Current income tax liabilities	7	-	15,035
Total Current liabilities		742,295	1,056,793
Total liabilities and equity		1,137,202	1,375,603

5. Consolidated Statement of Changes in Equity

For the years ended December 31, 2017 and 2016
(all amounts in EUR thousands unless other stated)

	Note	Share capital	Share premium	Other legal reserves	Other reserves	Retained earnings	Total equity
Balance - January 1, 2016	8	294	148,159	49,118	3,883	44,378	245,832
Net income for the year						97,230	97,230
Intangible assets	14			977		(977)	-
<i>Other comprehensive income/(expense)</i>							
Disposal available-for-sale financial asset	11			(45,972)			(45,972)
Re-measurement available-for-sale financial asset	11			16,008			16,008
Other currency translation adjustments	18			225			225
Currency translation adjustments subsidiaries	18			437			437
Total comprehensive income for the period				(29,302)		96,253	66,951
<i>Transactions with owners in their capacity as owners:</i>							
Proceeds on issuing shares	8		172				172
Share-based payments	13				1,030		1,030
Balance – December 31, 2016		294	148,331	20,793	4,913	140,631	314,962
Balance - January 1, 2017	8	294	148,331	20,793	4,913	140,631	314,962
Net income for the year						71,307	71,307
Other adjustments						321	321
Intangible assets	14			23		(23)	-
<i>Other comprehensive income/ (expense)</i>							
Re-measurement available-for-sale financial asset	11			4,053			4,053
Other currency translation adjustments	18			(2,064)			(2,064)
Currency translation adjustments subsidiaries	18			(1,080)			(1,080)
Total comprehensive income for the period				933		71,605	72,538
<i>Transactions with owners in their capacity as owners:</i>							
Proceeds on issuing shares	8	1	983				984
Share-based payments	3				1,294		1,294
Balance – December 31, 2017		295	149,314	21,726	6,207	212,236	389,777

The income tax relating to each component of other comprehensive income is disclosed in note 7. The accompanying notes are an integral part of these consolidated financial statements.

6. Consolidated Statement of Cash Flows

For the years ended December 31, 2017 and 2016
(all amounts in EUR thousands unless other stated)

	Note	2017	2016
Income before income taxes		92,224	119,509
<i>Adjustments for:</i>			
- Finance income		(541)	(381)
- Finance expenses		775	236
- Other financial results	18	1,007	(89)
- Depreciation of plant and equipment	15	4,615	3,124
- Amortization of intangible fixed assets	14	1,321	1,012
- Share-based payments	3	1,277	1,030
- Receivables	11	(168)	(4,080)
<i>Changes in Working capital:</i>			
- Inventories	4	(771)	(1,784)
- Trade and other receivables	16	(13,912)	(3,220)
- Receivables from financial institutions	16	456,032	(385,111)
- Payables to merchants and financial institutions	17	(309,738)	466,780
- Trade and other payables	17	10,275	1,941
<i>Cash generated from operations</i>		242,396	198,967
Interest received		541	381
Interest paid		(775)	(11)
Income taxes paid		(41,550)	(9,772)
Net cash flows from operating activities		200,612	189,565
Purchases of investments held-to-maturity	11	(6,989)	-
Purchases of plant and equipment	15	(9,685)	(10,537)
Capitalization of intangible assets	14	(1,344)	(1,989)
Disposal of plant and equipment	15	-	12
Dividends received	11	71	54
Net cash used in investing activities		(17,947)	(12,460)
Proceeds from issuance of ordinary shares	8	1	-
Share premium paid by the shareholders	8	983	172
Net cash flows from financing activities		984	172
Net increase in cash, cash equivalents and bank overdrafts		183,649	177,277
Cash, cash equivalents and bank overdrafts at beginning of the year		680,067	502,318
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts	18	(786)	472
Cash, cash equivalents and bank overdrafts at end of the year		862,930	680,067

The accompanying notes are an integral part of these consolidated financial statements.

7. Notes to the Consolidated Financial Statements

General Information

Adyen B.V. is a licensed Credit Institution by De Nederlandsche Bank (the Dutch Central Bank) and registered in the Netherlands under the company number 34259528. The Credit Institution license includes the ability to provide cross-border services in the EEA.

1. Consolidation

Accounting policy - consolidation

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated.

Adyen B.V. directly or indirectly owns 100% of the shares of, and therefore controls all entities included in these consolidated financial statements (refer to note 28 for a full list of entities included).

Adyen has operations in the Netherlands, Germany, France, Brazil, Singapore, Sweden, UK, Spain, Belgium, Canada, Australia, South Korea, Hong Kong, Mexico, China, New Zealand, Malaysia and the United States. Adyen is a limited liability company ('Besloten Vennootschap') domiciled in the Netherlands. The address of Adyen's registered office is Simon Carmiggeltstraat 6 -50, 5th floor, 1011DJ Amsterdam, the Netherlands.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the European Union (EU-IFRS).

All amounts in the notes to the consolidated financial statements are stated in thousands of EUR, unless otherwise stated.

Significant Accounting Policies

The consolidated financial statements have been prepared under the historical cost convention, unless stated otherwise.

Significant and other accounting policies that summarize the measurement basis used and are relevant to understanding the financial statements are provided throughout the notes to the financial statements. The notes are organized into the following sections:

Organization of accounting policies in these Financial Statements:

- Key disclosures: provides a breakdown of individual line items in the financial statements that users of the financial statements consider most relevant;
- Capital, investment and financial risk management: key information relating to Adyen's capital management, explanations regarding financial instruments and financial risk management;
- Other: information on items required to be disclosed to be compliant with EU-IFRS.

The accounting policies have been consistently applied to all the years presented. For the assessment whether a disclosure is relevant to users of these financial statements the following was considered: the amount in question is significant in size or nature, importance for understanding the results of Adyen or explaining the impact of significant changes in Adyen's business.

Critical Accounting Policies

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items that are more likely to be materially adjusted due to inaccurate estimates and/or assumptions turning out to be wrong. Detailed information about these estimates and judgments are included in the notes below along with information about the basis of calculation for each affected line item in the financial statements. The areas involving significant estimates or judgments are:

- Principal versus agent in revenue – note 2
- Fair value estimate in share based payments – note 3

New and Amended Standards Adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2017 and are applicable for the consolidated financial statements of Adyen:

The detailed analyses of these changes are outlined in note 21 of the financial statements. The overall impact of these accounting changes to Adyen is assessed as minimal as outlined below per standard:

IFRS 9: Due to the short duration of Adyen's financial assets the impact of the IFRS 9 expected loss model is expected to be immaterial. The revised classification and measurement will have a limited impact.

IFRS 15: Adyen has assessed its current merchant contracts and did not identify performance obligations other the obligations as already used to recognise payments revenue. Adyen will still be considered as the principal in the revenue streams resulting in revenue being recognized on a gross basis as opposed to a net basis.

IFRS 16: Based on the current operational lease portfolio in scope of the standard the Adyen estimates a 24 million to be recognized as right of use asset with the related liability. As a result Adyen considers this new accounting standard will have no significant impact on the Group considering the impact on its overall balance sheet.

Approval

These financial statements were approved by the supervisory board for issue on April 13, 2018.

Key Disclosures

Based on its strategy as outlined in the Directors report Adyen's users of the financial statements considers the following disclosures as key in understanding its financial performance or position.

2. Revenue

Accounting policy – revenue

Adyen has the following sources of revenue:

- (i) Processing fees: recognized as revenue when a transaction is initiated via the Adyen payment platform.
- (ii) Settlement fees: Settlement fees are recognized as revenue when a payment transaction has been completed by means of settlement with the merchant.
- (iii) Other services (such as foreign exchange service fees, sale of inventory and third party commission): recognized as revenue when the services are rendered.

Revenue is measured at the fair value of the consideration received or receivable.

The breakdown of revenue by category is as follows:

	2017	2016
Processing fees	93,466	58,642
Settlement fees	872,340	563,143
Other services	46,634	37,576
Total revenue	1,012,440	659,361
Costs incurred from financial institutions	(781,502)	(494,386)
Cost of inventory	(12,660)	(6,990)
Net revenue	218,278	157,985

Net Revenue is gross revenue net of interchange, scheme fees and cost of inventory. There is 9 million included in settlement fees related to the sale of goods (2016: 3 million).

Key judgement – principal versus agent

Revenue is recognized based on the fact that Adyen acts as a principal for all the payment processing services it provides to the merchants. Settlement fees are presented net of the amount that is paid to the merchants since Adyen considers itself an agent for the collection of amounts from the consumer and payout to the merchant for this part of the amount that is collected by Adyen. Adyen considers itself a principal for the payment services that it provides to merchants and presents the fees charged and costs incurred to provide these services, including credit card fees and other charges paid to financial institutions, on a gross basis.

3. Share-based Payments

Key accounting estimate – share-based-payments

The fair value of the employee services received in exchange for the grant of Depositary Receipts of Adyen is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted at grant date.

The share price at grant is not objectively determinable therefore Adyen has contracted a third party to determine the total enterprise value based on the average of three years discounted cash flow with a Weighted Average Cost of Capital (WACC). The grant date fair value of the options is expensed over the vesting period of the options.

Adyen considers its employees and culture as core to its growth. As part of the total remuneration package, Adyen has two types of share-based payments:

- I. [Depositary receipts to directors and employees \(granted until 2013\)](#)
- II. [Equity Settled Option Plan](#)

These plans are described in more detail below:

I. [Depositary Receipts](#)

Adyen has granted the possibility to purchase Depositary Receipts to directors and to employees as part of their remuneration up to 2013. The underlying shares of the Adyen are held by an administration foundation that in turn issues the Depositary Receipts to the employees. These Depositary Receipts entitle the holder a share of the profits earned by Adyen. In 2017, no vesting period remained for any of the Depositary Receipts granted and thus there was no revised estimate of the number of Depositary Receipts expected to vest or relating income statement impact.

When an employee leaves Adyen after the vesting period, Adyen has the right, but is not required, to repurchase the Depositary Receipts at fair value. If Adyen does not exercise its right to acquire the Depositary Receipts of the employee, the right is transferred to the other Depositary Receipts holders. If these do not exercise this right, the Depositary Receipts can be sold to a third party at fair value. Currently Adyen does not have the intention, nor a history or formal management policy which requires Adyen to re-acquire the Depositary Receipts when an employee leaves Adyen.

II. [Equity Settled Options](#)

Adyen has an option plan for directors and employees. Exercisable options give the opportunity to acquire Depositary Receipts. The exercise price of the granted options is equal to the market price of the shares at grant date. Options will vest over a period of four years. The vesting period starts on the grant date. 25% of the options will vest on the first anniversary of the grant date. The remaining 75% of the options will then vest monthly, in equal proportions at the end of each month, over the following 36 months. Options can be exercised at any time from the vesting date until the 8th anniversary of the grant date. Adyen has no legal or constructive obligation to repurchase or settle the options in cash. The maximum aggregate number of Depositary Receipts in respect to which options shall be granted is 1,312,500. In 2017 218,750 (2016: 76,750) were granted and 838,787 (2016: 597,050) options are exercisable. The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was 10.05 (2015: 6.84) per option.

The following significant inputs to the model were used:

Period of grants	Grant	2017	2016
Q1	Number of instruments granted	86,850	28,300
	Weighted average exercise price (in EUR)	75.69	66.50
	Range of annual risk-free interest rate	-0.338% till -0.099%	-0.234% till -0.129%
	Weighted average share price at the date of grant	49.81	42.20
Q2	Number of instruments granted	84,400	9,500
	Weighted average exercise price (in EUR)	81.75	66.50
	Range of annual risk-free interest rate	-0.228% till -0.187%	-0.304% till -0.143%
	Weighted average share price at the date of grant	66.75	43.85
Q3	Number of instruments granted	26,200	11,600
	Weighted average exercise price (in EUR)	105.18	66.50
	Range of annual risk-free interest rate	-0.163% till -0.028%	-0.473% till -0.393%
	Weighted average share price at the date of grant	82.30	44.87
Q4	Number of instruments granted	21,300	27,350
	Weighted average exercise price (in EUR)	105.93	66.50
	Range of annual risk-free interest rate	-0.153% till -0.095%	-0.492% till -0.122%
	Weighted average share price at the date of grant	96.43	46.17
Expected volatility (%)		25%	30%
Expected dividends (dividend yield)		Nil	Nil

The volatility measured at the standard deviation on continuously compounded share returns is based on statistical analysis of daily share prices over the last six years. The volatility of 25% (2016: 30%) is an average volatility of listed peer companies.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2017 Weighted average exercise price (in EUR) per share option	2017 Number of options (thousands)	2016 Weighted average exercise price (in EUR) per share option	2016 Number of options (thousands)
Outstanding at January 1	22.21	1,017	17.96	1,041
Granted	84.51	219	66.50	76
Forfeited	66.39	(11)	11.82	(84)
Exercised	66.50	(1)	10.95	(16)
Expired	-	-	-	-
Outstanding at December 31	32.92	1,224	22.21	1,017

4. Inventories

Accounting policy - inventories

Inventories are stated at the lower of cost or net realizable value. The costs of finished goods comprise the purchase value of these goods based on the first-in, first-out method (FIFO). There are no inventories measured at fair value less cost to sell. No impairments were recognized during the year (2016: nil).

The inventory relates to the point of sale terminals in connection with the roll out of the Unified Commerce strategy.

As at 1 January	3,246	1,462
Products for resale: Purchases during the year	13,431	8,774
Recognised as an expense during the year	(12,660)	(6,990)
Total December 31, 2017	4,017	3,246

5. Employee benefit expense

Employees and the Adyen culture are strategic focus areas for Adyen. Adyen has invested significantly in the last year in this key area. The average number of fulltime equivalents during the year was approximately 566 FTE of which 227 FTE outside of the Netherlands (2016: 425 FTE / 166 FTE outside of the Netherlands). At year-end 716 people (2016: 480) were working for Adyen. As a result of the worldwide operating and acquiring strategy the breakdown of employees for the largest legal entities of Adyen are based in Amsterdam 339, San Francisco 68, Sao Paulo 37, London 29 and Singapore 28 (average FTE's in 2017).

5.1. Employee benefits

	2017	2016
Salaries and wages	54,285	37,012
Pension costs – defined contribution plans	1,228	780
Share based compensation	1,277	1,030
Social securities	7,960	4,655
Total	64,750	43,477

5.2. Post-employment benefit obligations

Post-employment benefit obligations:

Adyen group companies operate various pension schemes. The group has no further payment obligations once the contributions have been paid, expenses are recognized when they are due. Therefore the entitlements of employees under Adyen's pension plans are all classified as defined contribution plans. The expected contributions to the pension benefit plans for 2018 are 1,238.

6. Other operating expenses

Accounting policy – operating expenses

Operating expenses are recognized in the period when they occur.

To ensure sustainable growth Adyen has invested and continues to invest in its organization, which amongst others includes increased marketing focus to improve brand recognition. The other operating expenses can be specified as follows:

	2017	2016
Housing costs	5,057	3,550
Office costs	1,996	921
IT costs	6,348	3,320
Sales & marketing costs	14,753	7,658
Travel and other staff expenses	10,176	7,595
Advisory costs	10,757	8,394
Insurances	908	393
Other operating expenses	4,204	15,602
Total	54,199	47,433

Other operating expenses 2016 includes merchant default costs.

6.1 Operating leases:

Accounting policy – operating leases

Adyen leases offices and data center space in various countries expiring within one to six years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated. As the majority of the risk and rewards are with the lessor the leases are classified as operating leases.

In 2017 lease rentals amounting to 3,877 (2016: 3,110) relating to these operating leases are included in the income statement. Adyen has the following lease commitments:

	31-Dec-17	31-Dec-16
Less than 1 year	5,397	3,844
Between 1 and 5 years	15,059	10,107
More than 5 years	6,126	-
Total	26,583	13,951

No contingent rent payments were made during the year.

7. Income tax

7.1 Income tax expense

Accounting policy – current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

The tax on Adyen's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities. The effective tax rate of Adyen is 22.40% (2016: 18.60%) which differs from the statutory tax rate in the Netherlands of 25% (2016: 25%) as follows:

	2017	2016
Profit before tax at statutory rate of 25%	92,223	119,509
<i>Tax effects of:</i>	23,056	29,877
Innovation box (changes in tax rate)	(5,143)	(8,219)
Tax rate differences on foreign operations	(1,096)	471
Other adjustments (such as non-deductable)	4,100	150
Total	20,917	22,279

In 2017 -/- 225 (2016: -/- 186) of the income tax expense related to the origination and reversal of timing differences. Adyen's current tax receivable is:

	31-Dec-17	31-Dec-16
Current income tax liabilities	-	15,035
Current income tax assets	2,061	-

7.2 Deferred taxes

Accounting policy – deferred taxes

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liabilities is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Adyen and it is probable that the temporary difference will not reverse in the foreseeable future.

I. Deferred tax assets resulting from net operating losses

In the deferred assets an amount of 170 (2016: 193) relates to the carry forward of net operating losses of Adyen Services Inc.

II. Deferred tax liability

The deferred tax liability consists mainly of the deferred tax on the Visa Inc. preferred stock of 5,015 (2016: 3,597).

The deferred taxes have a maturity date of more than 12 months and are presented as non-current on the Adyen balance sheet.

Capital management, financial instruments and financial risk management

8. Capital Management

Adyen's objective when managing capital is to safeguard its ability to continue as a going concern. Furthermore Adyen ensures that it meets regulatory capital requirements at all times.

Accounting policy – ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

	31-Dec-17	31-Dec-16
Ordinary shares	295	294
Share premium	149,314	148,331
Total	149,609	148,625

In 2017 58,640 additional shares were issued for the majority as a result of exercises of employee options. The paid up and called share capital increased to € 294,425 (2016: 293,383) resulting in a total of 29,442,487 (2016: 29,383,847) ordinary shares (nominal value € 0.01 per share). The total of distributable reserves amount to 361,550 (2016: 288,962) and the other reserves presented above are restricted for distribution.

Earnings are added to the reserves and there is no active dividend policy. Retained earnings are used to support and finance the growth strategy.

9. Cash and cash equivalents

Accounting policy – cash and cash equivalents

Adyen's cash and cash equivalents are classified as loans and receivables and are included in current assets due to their short-term nature. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Due to the short duration of the receivables (less than 3 months) the fair value (level 3) approximates the carrying value.

	31-Dec-17	31-Dec-16
Non-restricted cash	567,928	680,067
Cash and balances with central banks	295,002	-
Total	862,930	680,067

As per December 31, 295 million (2016: nil) represents cash held at central bank amongst others to comply with regulatory liquidity requirements amongst other purposes.

Adyen cash which is surplus to regulatory requirements and operational needs is invested in interest bearing short-term deposits with financial institutions and is exposed to credit risk with these counterparties. Adyen actively manages

concentration risk and it is Adyen's policy that all commercial banks where cash and cash equivalents are held have a credit rating A or higher. No defaults occurred during the year and management does not expect any losses from non-performance by these counterparties.

10. CRR/CRD IV Regulatory Capital

The following table displays the composition of regulatory capital as at December 31, 2017. The regulatory capital is based on the CRR/CRD IV scope of consolidation, which is the same as the IFRS scope of consolidation.

EU-IFRS Equity as reported in consolidated balance sheet	389,777
<i>Net profit not included in CET1 Capital (not yet eligible)</i>	(71,307)
Regulatory adjustments	
<i>Intangible assets (80% phased in for 2017)</i>	(3,182)
<i>Unrealized gains measured at fair value (80% phased in for 2017)</i>	(3,549)
<i>Prudent valuation</i>	(25)
Own funds as per December 31, 2017	311,713

11. Financial Instruments

Adyen has the following specific financial instruments (including the selected classification):

	31-Dec-17	31-Dec-16
Available-for-sale financial asset: listed securities Visa Inc. preferred stock	25,076	19,605
Investment held-to-maturity: AAA Rated UK and US treasury bonds	6,989	-
Total	32,065	19,605

The other financial instruments on the balance sheet of Adyen are cash and cash equivalents (note 9), trade and other receivables (note 16) and trade and other payables (note 17).

11.1. Visa preferred shares – classified as: available for sale

Accounting policy – financial instruments: available for sale

Adyen has recognized and classified the convertible preferred Visa shares within the available-for-sale financial instrument asset category. The fair value of the preferred stock in Visa Inc. is based on the fair value of Visa Inc. common stock multiplied by an initial conversion rate of preferred stock into common stock. On this basis the Visa shares are presented as a level 2 asset. The conversion rate of the preferred stock into an equivalent number of common stock can fluctuate in the future.

As disclosed in 2016, Adyen received a consideration for the purchase of Visa Europe by Visa Inc. in exchange for the membership in Visa Europe Adyen previously obtained to facilitate core operations. This was a mixture of cash recognized in 2016 (presented as other income of 56,282 in 2016), Visa Inc. convertible preferred stock, presented as available-for-sale financial asset 25,076 (2016: 19,605) [together the 'up-front consideration'] and additional cash subsequent to closing of the transaction (the 'deferred consideration') of 4,248 (2016: 4,080) measured at amortized cost which will mature in June 2019.

The preferred stock Series C has no stated maturity and carries a right to receive discretionary dividend payments but cannot be freely traded primarily due to the restrictions on transfer.

Due to an increase of the underlying share price of Visa shares in 2017 Adyen has recognized the fair value of 25,076 (2016: 19,605) in its Other Comprehensive Income statement. The Visa shares are presented as non-current assets.

The Visa shares carry the right to receive discretionary dividend payments. In 2017 71 (2016: 54) of dividends were received which were recognized in the income statement.

11.2. Government bonds – classified as: held-to-maturity

Accounting policy - financial instruments: held-to-maturity

Adyen has the positive intent and ability to hold the bonds to maturity and they are therefore designated as held-to-maturity assets and measured at amortized cost. The fair value (level 1) of the asset held-to-maturity approximates the carrying value due to the short-term nature of the instruments. Interest income on these debt securities is recognized in the income statement on an effective interest method.

As a licensed credit institution Adyen has to comply with liquidity requirements in both its functional currency and other significant currencies defined under CRR/CRD IV. These significant currencies are based on the eligible liabilities in scope of regulatory liquidity requirements (LCR Delegated Act). In order to comply with these liquidity requirements Adyen has, in the course of 2017, purchased US and UK treasury bonds denominated in USD and GBP, respectively. Both bonds mature in March 2018. As a result the bonds are presented as short-term on the balance sheet.

11.3. Impairments of financial instruments

Accounting policy – impairments of financial instruments

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Adyen did not recognize any impairments on financial instruments during 2017 (2016: nil).

12. Financial risk management

Adyen's activities expose it to a variety of financial risks. Risk management is the responsibility of Adyen's management. Adyen applies a risk aware but not overly risk-averse approach towards risk management. Management identifies and evaluates the financial risks based on the COSO ERM principles for overall risk management. Adyen's Integral Risk Management Framework (IRMF) seeks to minimize potential adverse effects on Adyen's financial performance. The main sources of financial risk to Adyen are considered in the table below:

Source of risk	Risk mitigation	Remaining risk
Liquidity		
Liquidity risk is the risk that Adyen could not meet its short-term payment obligations.	<p>Adyen actively monitors its liquidity risk, however the majority of the balance sheet, excluding merchant funds, for both assets and liabilities has a maturity date of less than 3 months on an undiscounted contractual basis. The remaining balances with a different maturity date (as mentioned specifically in the notes of these financial statements) are not considered material.</p> <p>The cash balances due to merchants are considered not to impose liquidity risk as these cash balances and related payables are interrelated from a liquidity perspective. There is not an obligation on Adyen to settle merchant payables before the cash is collected from the credit card entities.</p>	Due to the short term character of Adyen's balance sheet the remaining liquidity risk is assessed as minimal.
Market risks		
Foreign exchange		
Adyen operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises on recognized assets and liabilities, principally trade receivables and trade payables, and investments in foreign operations.	<p>Management actively manages the foreign exchange risk resulting in limited exposure to foreign exchange risks. This situation is evidenced by the absence of any significant results related to foreign exchange risk in the income statement. USD (with a balance of 38,979) is the most significant non-functional currency in which financial assets as per December 31, 2017 are denominated.</p> <p>The merchant cash balances are not taken into account for the determination of foreign exchange risks. The merchant funds have a natural match in currencies between receivables and payables or a very short duration.</p>	The resulting overall impact of an immediate 10% shock on all currencies is therefore minimal.

Interest rate

Interest rate risk on financial instruments could arise from adverse movements in underlying interest rates.

Because Adyen is not financed with external debt, no significant interest rate risk is present. Although significant liabilities towards the merchants are present, these liabilities are non-interest bearing and are settled at short notice.

The cash balances of Adyen are not significantly exposed to interest rate risk due to the fact that cash is used to settle the current liabilities towards the merchants at short notice. The nominal values of the bonds held-to-maturity are minimal as compared to the overall financial instruments balance, are short-term in nature and are held-to-maturity leading to minimal interest rate risk.

As a result of the nature of the products on the Adyen balance sheet the remaining interest rate risk is considered to be minimal.

Equity risk

The risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks.

The group's exposure to equity securities price risk arises from investment in Visa shares, which are classified in the balance sheet as available-for-sale. The exposure consists of potential financial losses due to movements in the share price of Visa Inc.

In addition: Adyen's Treasury policy does not allow purchasing additional equity positions.

The remaining equity price risk is considered limited as Adyen has no other equity instruments on its balance sheet.

Credit risk

Minimal

The counterparty credit risk relates to receivables from financial institutions regarding settled payment transactions. A default of financial counterparties could have a negative impact on Adyen's financial results.

Adyen cash which is surplus to regulatory requirements and operational needs is invested in interest bearing short-term deposits with financial institutions and is exposed to credit risk with these counterparties. Adyen actively manages concentration risk and it is Adyen's policy that all commercial banks where cash and cash equivalents are held have a credit rating A or higher. No defaults occurred during the year and management does not expect any losses from non-performance by these counterparties.

The remaining credit risk remains within Adyen's risk appetite.

Other disclosures

13. Segment reporting

Accounting policy

IFRS 8 (Operating Segments) requires operating segments to be identified based on internal reporting that is regularly reviewed by the Chief Operating Decision Maker. Adyen has identified the Management Board as the Chief Operating Decision Maker which assess the allocation of resources and performance. The overall disclosure principle of IFRS 8 is to provide sufficient information in the financial statements in order to enable users to evaluate the nature and financial effects of the business activities in which Adyen engages and the economic environments in which it operates. Based on Adyen's business and operating model Adyen has a single operating and reporting segment namely: payment services.

The gross revenue of Adyen contains scheme fees, interchange and mark-up. The Management Board monitors Net Revenue (net of interchange, scheme fees and cost of inventory) as performance indicator as this is the revenue attributable to Adyen. As a result Adyen considers net revenue to provide insight to its users to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

As a result of the entity wide disclosure requirements of IFRS 8 a geographical breakdown is provided.

Geographical breakdown of revenue:

	2017	2016
Europe	600,171	409,499
North America	258,990	169,854
Latin America	79,751	34,415
Asia	67,339	42,341
Rest of World	6,189	3,253
Total revenue	1,012,440	659,361

Of the non-current assets 50 million is located in the Netherlands and 5 million outside the Netherlands.

Large customers

In 2017 Adyen had two customers that on an individual level accounted for more than 10% of the total revenue. However revenue of Adyen contains scheme fees, interchange and mark-up. The Management Board monitors Net Revenue (net of interchange, scheme fees and cost of inventory) as performance indicator as this is the revenue attributable to Adyen. As a result Adyen considers net revenue to provide insight to its users to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Both customers had a net revenue of less than 10% of the total net revenue.

14. Intangible assets

Accounting policy – intangible assets

Adyen's intangible assets are stated at cost less accumulated amortization and include internally generated software with finite useful lives. These assets are capitalized and subsequently amortized on a straight-line basis in the statement of income over the period with an estimated useful life of 5 years. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The useful life is assessed on an annual basis.

	2017	2016
<i>Internally generated software</i>		
Opening net book value, January 1	3,955	2,978
Additions	1,344	1,989
Amortization for the year	(1,321)	(1,012)
Closing net book value December 31	3,978	3,955
Accumulated amortization	(3,504)	(2,182)
Cost	7,481	6,137

15. Plant and equipment

Accounting policy – plant and equipment

Plant and equipment are stated at cost less accumulated depreciation. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred. The major categories of Plant and equipment namely machinery and equipment are assessed to have a useful life of 5 years. Tangible fixed assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The useful life is assessed on an annual basis.

	2017	2016
<i>Machinery and equipment</i>		
Opening net book value, January 1	15,084	7,692
Additions	9,685	10,537
Other changes (e.g. exchange differences)	(164)	(21)
Depreciation for the year	(4,615)	(3,124)
Closing net book value December 31	19,990	15,084
Accumulated depreciation	(10,378)	(6,087)
Cost	30,368	21,171

In 2017 Adyen invested to increase its server capacity in line with its scalability strategy by purchasing additional infrastructure hardware. Despite these investments Adyen continues to leverage on its unified internally built single platform with low integration costs and as a result incurs low capitalization costs.

16. Trade, other receivables, receivables from financial institutions

Accounting policy – trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. The trade and other receivables are classified as loans and receivables, initially recognized at fair value and subsequently measured at amortized cost less a provision for impairment. Due to the short duration of the receivables (less than 3 months) the fair value (level 3) approximates the carrying value.

16.1 Trade, other receivables, receivables from financial institutions

	31-Dec-17	31-Dec-16
Trade and other receivables	26,967	12,139
Less: allowance for doubtful accounts	(1,400)	(484)
Trade receivables – net	25,567	11,655
Financial institutions	180,719	636,751
Total	206,286	648,406

The change in the terms and conditions (refer to note 1: significant development in current reporting period) resulted in a prospective accounting change of the receivables from card schemes.

The majority of these receivables are no longer recognized in the balance sheet as they meet the requirements of a pass-through arrangement under IAS 39. Adyen cannot sell or pledge the receivables from Financial Institutions and therefore has to pass-through these receivables directly to the merchants once collected.

16.2 Impairments of trade receivables

Accounting policy – impairment of trade receivables

A provision for impairment is recorded for trade receivable balances when there is objective evidence of impairment. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The carrying amounts of trade and other receivables approximate their fair value.

No financial assets are past due except for trade receivables. As at December 31, 2017, trade receivables of 14,783 (2016: 7,630) were fully performing, 10,634 (2016: 7,198) were past due but not impaired (of which 6,912 less than 3 months and 2,610 between 3 and 6 months overdue) and 583 (2016: 108) were impaired. The average duration of the overdue trade receivables is 2.3 months (2016: 1.6 months). The addition to the allowance for doubtful accounts for trade receivables in 2017 was 1,500 (2016: 298).

17. Trade and other payables

Accounting policy – trade and other payables

Payables are obligations initially recognized at fair value and subsequently measured at amortized cost to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Due to the very short duration of the payables to merchants (< 3 months) the fair value (level 3) approximates the carrying value.

	31-Dec-17	31-Dec-16
Payable to merchants and financial institutions	717,295	1,027,043
Trade payables	3,519	2,481
Taxes and social security	11,454	2,568
Accrued employees benefits	8,213	3,582
Accrued liabilities and other debts	1,804	6,084
Total	742,285	1,041,758

The change in the terms and conditions (refer to Note 1) resulted in a prospective accounting change of the receivables from card schemes. The majority of these receivables and relating payables to merchants are no longer recognized in the balance sheet as they meet the requirements of a pass-through arrangement under IAS 39. The remaining payables to merchants relate for the majority to already settled cash by the card schemes that will be passed through to the merchants.

18. Functional currency and foreign currency transaction

Accounting policy – functional currency and foreign currency translation

The functional currency of Adyen B.V. is the Euro as the Euro area is the primary economic environment in which Adyen operates. The financial statements of entities that have a functional currency different from that of Adyen B.V. ("foreign operations") are translated into Euro's as follows:

- Assets, equity and liabilities – at the closing rate at the date of the statement of financial position;
- Income and expenses – at the average rate of the period (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates).

All resulting unrealized changes are recognized in other comprehensive income except otherwise stated.

The cumulative translation adjustments resulting in a net loss of 1,007 (2016: a profit of 89).

19. Other contingent assets, liabilities and commitments

Adyen has no contingent liabilities in respect to legal claims.

Adyen B.V. and Adyen International B.V. are a fiscal unity for income tax purposes. Under the Dutch Tax Collection Act, the members of the fiscal unity are jointly and severally liable for any taxes payable by the fiscal unity.

In the U.S., Adyen. holds licenses to operate as a money transmitter (or its equivalent), which, among other things, subjects Adyen Inc. to reporting requirements, bonding requirements, limitations on the investment of customer funds and inspection by state regulatory agencies.

Per December 31, 2017 Adyen has a credit facility agreement of 7,500 (2016: 7,500) and 5,015 (2016: 5,217) is used for bank guarantees and letters of credit. The credit facility agreement can be cancelled. In addition Adyen has a intra-day credit facility of 100 million (2016: nil) which is not used as per December 31, 2017.

20. Related party transactions

In 2017 there were no transactions with related parties (2016: 87)

The directors' remuneration is disclosed in note 23.

21. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2017 reporting periods and have not been early adopted by Adyen.

21.1. IFRS 9 – Financial instruments

IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 has been endorsed by the European Union in November 2016.

This standard will replace the existing standard on the recognition and measurement of financial instruments and requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

21.1.1. Classification and Measurement

IFRS 9 requires Adyen's business model and the financial instrument's contractual cash flows will determine its classification and measurement. Adyen performed the business model test and contractual cash flow test on all financial instruments in scope of IFRS 9 on its balance sheet in the course of 2017.

As a result Adyen does not expect that the current IAS 39 classification of financial instruments applicable will differ significantly from the classification of such applicable financial instruments as determined in IFRS 9.

21.1.2. Impairments

The standard has introduced a new expected-loss impairment model that will require impairment losses to be recognized on an expected loss basis. This new model will apply to financial assets measured at either amortized cost or fair value through OCI, as well as certain off-balance sheet exposures.

The receivables from financial institutions, cash and cash equivalents, the deferred cash receivable from Visa and accounts receivable are currently assessed to be in scope of the new IFRS 9 impairment model.

Adyen performed calculation in 2017 to determine the impact of the new IFRS 9 impairment model on its financial instruments. Based on this assessment Adyen does not expect that the new impairment rules have a significant impact on the Group. This is for the majority driven by a combination of low credit risk (due to high credit quality ratings) and the short-term nature of the financial instruments in scope.

21.1.3. Hedge accounting

Adyen does not apply Hedge Accounting and therefore IFRS 9 Hedge Accounting is out of scope.

21.2. IFRS 15 – Revenue from contracts with customers

IFRS 15 is the new standard for the recognition of revenue that will replace IAS 18 and IAS 11. Adyen has assessed the impact of the new standard based on the following considerations:

Recognition: given the nature of Adyen's business model the revised notion of control and resulting revenue recognition date it does not impact Adyen. The change from risk and rewards to control will not affect the agent principal assessment as outlined in note 2.

Identification of performance obligations: the standard further introduces a 5 step model in recognizing revenue in which reporting entities are required to identify performance obligations in their contracts. Adyen has assessed its current merchant contracts and did not identify performance obligations other than the obligations as already used to recognize its revenue.

21.3. IFRS 16 – Leases

Issued in January 2016, this standard includes a new approach to lease accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by leases. At this stage, the Group does not intend to adopt the standard before its effective date. Based on the current operational lease portfolio in scope of the standard the Adyen estimates 24 million to be recognized as Right Of Use Asset with related liability.

As a result Adyen considers the new rule will have no significant impact on the Group considering the impact on its overall balance sheet. The standard has yet to be endorsed by the EU.

21.4. IFRS 2 – Share based payments

In June 2016, the IASB issued narrow-scope amendments to IFRS 2 "share-based payments". They are effective for annual periods beginning on or after January 1, 2018. The amendments have yet to be endorsed by the EU. These amendments see to different share-based payment plans than Adyen offers to its employees. Therefore the changes are not applicable to Adyen.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on Adyen.

22. Audit fees

22.1 Fees to the auditor

The fees listed below relate to the procedures applied to Adyen and its consolidated group entities by accounting firms and external independent auditor's as referred to in section 1(1) of the of the Audit Firms Supervision Act ("Wet toezicht accountantsorganisaties-Wta") as well as by the Dutch and foreign-based accounting firms. Including their tax services and advisory groups. These fees related to the audit of the 2017 financial statements, regardless of whether the work was performed during the financial year.

22.2 Summary of services rendered by the auditor, in addition to the audit of the financial statements

Our auditor, PwC Accountants, has rendered, for the period to which our statutory audit relates, in addition to the audit of the statutory financial statements the following services to Adyen and its controlled entities:

	2017			2016		
	PwC Accountants	Other PwC firms	Total	PwC Accountants	Other PwC firms	Total
Audit of financial statements	452		452	314		314
Other audit services	116		116	101		101
Tax services		100	100		93	93
Other non-audit services		55	55		362	362
Total	568	155	723	415	455	870

2017	2016
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Other audit services required by law or regulatory requirement		
Statutory audits of controlled entities	417	314
Audit of the regulatory returns to be submitted to the Dutch Central Bank	35	-
Other audit services		
Assurance engagement ISAE 3402 report	116	101
Tax services		
Tax compliance services	100	93
Other non-audit services		
Human resources services	55	362
Total for the year	723	870

23. Compensation of key management

Key management during 2017 consisted out of six (2016: five) directors of Adyen. The compensation paid or payable to key management for employee services is shown below:

	2017	2016
Salaries and short term employee benefits	2,136	1,477
Share based payments	235	234
Post employment benefits	4	3
Total	2,375	1,714

No loans, advance payments and guarantees have been granted to or on behalf of directors. In 2016 no remuneration was paid to supervisory board members as they were appointed in 2017.

The Supervisory Board consisted out of 3 members in 2017 (2016: none). The compensation paid or payable to the supervisory board for employee services is shown below:

	2017	2016
General remuneration	140	-
Share based payments	11	-
Post employment benefits	-	-
Total	151	-

No loans, advance payments and guarantees have been granted to or on behalf of directors. In 2016 no remuneration was paid to supervisory board members as they were appointed in 2017.

24. Country-by-country reporting

The following table provides an overview of total assets, total operating income, average number of FTEs, operating profit/(loss) before taxation and income tax expense. In addition, the following table shows the principal subsidiary and main activity for each country. The full list of participating interests as referred to in Article 414, Book 2 of the Dutch Civil Code can be found in note 30 of the company financial statements.

	Main activity	Total assets	Total operating income	Average FTE	Income before tax	Tax expense
<i>Country and Subsidiary</i>						
Netherlands - Adyen B.V.	Payment service provider	920,580	159,263	339	91,015	(19,838)
Adyen B.V., Belgian branch	Sales office	131	117	2	13	(5)
Adyen B.V., German branch	Sales office	444	903	14	96	(34)
Adyen B.V. Nordic branch	Sales office	136	317	4	32	(12)
Adyen B.V., Spanish branch	Sales office	199	271	3	29	(7)
Adyen B.V., France branch	Sales office	561	764	13	44	(27)
Adyen do Brazil Ltda	Sales office – local support	55,668	8,003	37	1,703	460
United States – Adyen Inc. and Adyen Services Inc.	Sales office – local support	6,178	25,610	82	1,259	(957)
Adyen Singapore PTE LTD.	Sales office – local support	1,729	6,081	28	212	(39)
Adyen UK Limited	Sales office	2,079	6,262	29	606	(166)
Adyen Hong Kong Limited	Sales office	31	23	-	1	0
Adyen Australia PTY Limited	Sales office – local support	556	3,226	9	153	(64)
Adyen Canada Ltd.	Sales office	1	-	-	-	-
Adyen Korea Chusik Hoesa	Sales office	7	-	-	(6)	-
Adyen Mexico S.A. de C.V.	Sales office – local support	3,931	468	2	222	(21)
Adyen (China) Software Technology Co. Ltd.	Sales office	152	558	4	24	(4)
Adyen New Zealand Ltd.	Sales office	11	-	-	(3)	-
Adyen Malaysia Sdn. Bhd.	Sales office	140	-	-	(18)	-

25. Share information

Accounting policy – earnings per share

Adyen presents basic and diluted earnings per share (EPS) data for its ordinary shares. The calculation of earnings per share is as follows:

- 1) Basic EPS: dividing the Net profit (or loss) attributable to shareholders by the weighted average number of outstanding ordinary shares outstanding during the period.
- 2) Diluted EPS: determined by adjusting the basic EPS for the effects of all dilutive potential ordinary shares, which in the case of Adyen only relates to share options

	2017	2016
Net profit attributable to ordinary shareholders	71,307	97,230
Weighted average number of ordinary shares for the year	29,409,096	29,373,337
Dilutive effect share options	1,162,761	1,042,493
Weighted average number of ordinary shares for diluted net profit for the year	30,571,857	30,415,830
1) Net profit per share – basic	2.42	3.31
2) Net profit per share - diluted	2.33	3.20

8. Company Statement of Comprehensive Income

For the years ended December 31, 2017 and 2016
(all amounts in EUR thousands unless other stated)

	Note	2017	2016
Revenue	26	938,913	630,703
Costs incurred from financial institutions	26	(764,620)	(506,933)
Cost of inventory	4	(12,660)	(6,990)
<i>Net revenue</i>	26	<i>161,633</i>	<i>116,780</i>
Wages and salaries	27	(29,581)	(15,756)
Social securities and pension costs	27	(4,713)	(3,022)
Amortization and depreciation of tangible and intangible fixed assets	29/14	(4,876)	(3,392)
Other operating expenses	28	(33,606)	(37,752)
Other income	11	55	56,331
Other gains and losses	11	-	-
Income before interest income, interest expense and income taxes		88,912	113,189
Finance income		476	-
Finance expense		(775)	156
Other financial results		(1,157)	178
Net finance income		(1,456)	334
Share of the profit or (-) loss of investments in subsidiaries		3,773	4,048
Income before income taxes		91,229	117,571
Income taxes		(19,922)	(20,341)
<i>Net Income attributable to the owners of Adyen B.V.</i>		<i>71,307</i>	<i>97,230</i>
<i>Other comprehensive income</i>			
Items that may be reclassified to profit or loss:			
Gains on re-measuring available-for-sale financial assets	11	5,471	19,605
Income tax relating to this item	11	(1,418)	(3,597)
Other currency translation adjustments	18	(2,064)	235
Currency translation adjustments subsidiaries	18	(1,080)	437
Other comprehensive income for the year		910	16,680
<i>Total Comprehensive income for the year (attributable to owners of Adyen B.V.)</i>		<i>72,217</i>	<i>113,910</i>

9. Company Balance Sheet

As at December 31, 2017, 2016 and 2015
(all amounts in EUR thousands unless other stated)

	Note	31-Dec-17	31-Dec-16	31-Dec-15
Assets				
Intangible assets	14	3,978	3,955	2,978
Plant and equipment	29	16,449	11,006	6,375
Available-for-sale financial asset	11	25,076	19,605	45,972
Receivables	11	4,248	4,080	-
Deferred tax assets		186	-	-
Investments in consolidated subsidiaries on equity method	30	14,520	11,039	5,202
Total Non-current assets		64,457	49,685	60,527
Inventories	4	4,017	3,246	1,462
Receivables from financial institutions	31	143,002	351	-
Trade and other receivables	31	18,991	41,502	16,494
Current income tax receivables		1,744	-	-
Investments held-to-maturity	11	6,989	-	-
Cash and cash equivalents		841,376	264,539	182,154
Total Current assets		1,016,119	309,638	200,110
Total assets		1,080,576	359,323	260,637
<i>Equity attributable to owners of Adyen B.V.</i>				
Share capital	8	295	294	294
Share premium	8	149,314	148,331	148,159
Other reserves		27,933	25,706	53,001
Retained earnings		212,236	140,631	44,378
Total Equity attributable to owners of Adyen B.V.		389,777	314,962	245,832
Deferred tax liabilities	7	5,015	3,598	-
Total Non-current liabilities		5,015	3,598	-
Payable to merchants and financial institutions	34	660,876	12,000	-
Trade and other payables	34	24,908	12,677	12,801
Current income tax liabilities		-	16,086	2,004
Total Current liabilities		685,784	40,763	14,805
Total liabilities and equity		1,080,576	359,323	260,637

10. Company Statement of changes in Cash Flow

As at December 31, 2017, 2016 and 2015
(all amounts in EUR thousands unless other stated)

	Note	2017	2016
Income before income taxes		88,912	113,189
<i>Adjustments for:</i>			
- Finance income		(476)	-
- Finance expenses		775	156
- Other financial results		1,157	(89)
- Depreciation of plant and equipment	29	3,555	2,380
- Amortization of intangible fixed assets	14	1,321	1,012
- Share-based payments	3	827	773
- Receivables	11	(168)	(4,080)
<i>Changes in Working capital:</i>			
- Inventories	4	(771)	(1,784)
- Trade and other receivables	31	22,511	(25,008)
- Receivables from financial institutions	30/31	466,668	(351)
- Payables to merchants and financial institutions	30/34	(399,438)	12,000
- Trade and other payables	34	12,231	(124)
<i>Cash generated from operations</i>		197,104	98,074
Interest received		476	-
Interest paid		(775)	(156)
Income taxes paid		(39,752)	(9,272)
Net cash flows from operating activities		157,053	88,646
Merger of Adyen Foundation	30	438,995	-
Purchases of investments held-to-maturity	11	(6,989)	-
Purchases of plant and equipment	29	(8,998)	(7,023)
Capitalization of intangible assets	14	(1,344)	(1,989)
Disposal of plant and equipment	29	-	12
Dividends received	11	55	54
Net cash used in investing activities		421,719	(8,946)
Proceeds from issuance of ordinary shares	8	1	-
Share premium paid by the shareholders	8	983	172
Net cash flows from financing activities		984	172
Net increase in cash, cash equivalents and bank overdrafts		579,756	79,872
Cash, cash equivalents and bank overdrafts at beginning of the year		264,539	182,154
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts	18	(2,919)	2,513
Cash, cash equivalents and bank overdrafts at end of the year		841,376	264,539

11. Notes to the Company financial statements

Basis of preparation

The company financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the European Union (EU-IFRS) .

Changes in presentation of the parent company annual accounts and related notes – transition to IFRS reporting

The company financial statements of Adyen B.V. have been prepared in accordance with IFRS. Adyen adopted all IFRS standards and the adoption was carried out in accordance to IFRS 1, using January 1, 2016 as the transition date. The transition is carried out from Dutch GAAP, which is considered as the Previous GAAP. For all periods up to and including the year ended December 31, 2016, Adyen prepared its financial statements in accordance with Dutch Generally Accepted Accounting Practice (Dutch GAAP).

IFRS has been applied retrospectively without making use of the optional exemptions as mentioned in IFRS 1. With respect to the mandatory exceptions to retrospective application the following situations were considered:

- In previous financial statements Adyen applied Section 362 Book 2 of the Dutch Civil Code which allows the company to use the same principles in the company financial statements as in the consolidated financial statements.
- Due to the same application of accounting principles in the company financial statements there is no reconciliation provided, as no re-measurements are applicable to the company to comply with IFRS. The transition to IFRS reporting has not resulted in changes in the reported financial statements.

The principles in the company financial statements are therefore the same as those stated for the consolidated financial statements.

26. Company - revenue

	2017	2016
Processing fees	93,466	58,642
Settlement fees	798,815	534,485
Other services	46,632	37,576
Total revenue	938,913	630,703
Costs incurred from financial institutions	(764,620)	(506,933)
Cost of inventory	(12,660)	(6,990)
Net revenue	161,633	116,780

27. Company - employee benefits

	2017	2016
Salaries and wages	28,754	14,983
Pension costs – defined contribution plans	928	553
Share based compensation	827	773
Social securities	3,785	2,469
Total	34,294	18,778

28. Company - other operating expenses

	2017	2016
Housing costs	1,748	1,127
Office costs	762	484
IT costs	4,876	2,352
Sales & marketing costs	6,895	7,572
Travel and other staff expenses	6,015	4,353
Advisory costs	8,646	6,799
Insurances	867	327
Other operating expenses	3,797	14,738
Total	33,606	37,752

Other operating expenses 2016 includes merchant default costs.

29. Company - plant and equipment

	2017	2016
<i>Machinery and equipment</i>		
Opening net book value January 1	11,006	6,375
Additions	8,998	7,023
Other changes (e.g. exchange differences)	-	(12)
Depreciation for the year	(3,555)	(2,380)
Closing net book value December 31	16,449	11,006
Accumulated depreciation	(8,400)	(4,921)
Cost	24,849	15,927

30. Company - investments in consolidated subsidiaries on equity method

Accounting policy – investments in consolidated subsidiaries

Adyen's investment in consolidated subsidiaries is initially recorded at cost and subsequently accounted for using the equity method. Dividends received from the investees are recognised as a reduction in the carrying amount of the investment. Goodwill is currently not applicable.

Adyen's share of the results of the investees is reported in the income statement and its share of movements in other comprehensive income is recognised in other comprehensive income. Changes in Adyen's share of the net assets of the investees are recognised in the income statement as a gain or loss.

Investments are reviewed for impairment at least annually or whenever events or circumstances indicate that the carrying amount may not be recoverable.

Merger Adyen B.V. and Adyen Foundation

As outlined in note 1 Adyen merged the Foundation into Adyen B.V. the assets and liabilities recognised as a result of the merger are as follows:

	2017
Cash and cash equivalents	438,995
Receivables from financial institutions	609,319
Payables to merchants and financial institutions	(1,048,314)
Total consideration paid	-

Adyen B.V. – Subsidiaries

Name	Legal Seat	Ownership percentage
Adyen International B.V.	Amsterdam, The Netherlands	100%

Adyen B.V. – Branches

Name	Branch location
Adyen B.V., Belgian branch	Brussels, Belgium
Adyen B.V., Sucursal en España	Madrid, Spain
Adyen B.V., German branch	Berlin, Germany
Adyen France	Paris, France
Adyen Nordic Bank Ffillial	Stockholm, Sweden

Adyen International B.V. – Subsidiaries

Name	Legal Seat	Direct and indirect ownership percentage
Adyen Inc.	San Francisco, CA, USA	100%
Adyen Services Inc.	Dover, DE, USA	100%
Adyen Nevada Inc.	Las Vegas, NV, USA	100%
Adyen do Brazil Ltda ¹⁾	São Paulo, Brazil	100%
Adyen Singapore PTE. LTD.	Singapore, Singapore	100%
Adyen UK Limited	London, United Kingdom	100%
Adyen Hong Kong Limited	Hong Kong, Hong Kong SAR	100%
Adyen Australia PTY Limited	Sydney, Australia	100%
Adyen Canada Ltd.	Saint John, Canada	100%
Adyen Korea Chusik Hoesa	Seoul, Republic of Korea	100%
Adyen Mexico, S.A. de C.V.	Mexico City, Mexico	100%
Adyen Nordic AB	Stockholm, Sweden	100%
Adyen (China) Software Technology Co. Ltd.	Shanghai, China	100%
Adyen New Zealand Ltd.	Auckland, New Zealand	100%
Adyen Malaysia Sdn. Bhd	Kuala Lumpur, Malaysia	100%
Adyen Iberia SLU	Madrid, Spain	100%
Adyen GmbH	Berlin, Germany	100%

¹⁾ In 2016 Adyen do Brazil Ltda and Adyen Servicos Pagamento Ltda were merged
There are no investments with losses that equal or exceed the Adyen's investment.

31. Company - receivables

Receivables fall due in less than one year except deposits transferred to Financial Institutions.

	31-Dec-17	31-Dec-16
Trade and other receivables	20,391	41,986
Less: allowance for doubtful accounts	(1,400)	484
Trade receivables – net	18,991	41,502
Financial institutions	143,002	351
Total	161,993	41,853

In 2016 2,476 related to receivables from Group Companies and 30,671 related to receivables from Adyen Foundation, there are no contractual repayment terms.

32. Shareholders' equity

Refer to the consolidated statement of changes in equity for the movements in shareholders' equity

The reserve for translation differences relates to all exchange rate differences arising from the translation of the net investment in foreign entities. The total of distributable reserves amounts to 361,550 (2016: 288,962). The other reserves presented above are restricted for distribution.

33. Dividends paid

No dividend has been paid in the years presented.

34. Company - current liabilities

	31-Dec-17	31-Dec-16
Payable to merchants and financial institutions	660,866	12,000
Trade payables	4,737	1,961
Taxes and social security	9,635	18,621
Accrued employees benefits	6,166	3,088
Accrued liabilities and other debts	4,380	5,093
Total	685,784	40,763

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

In 2017 3,342 relates to payables to Group Companies (2016: 2,339) there are no contractual repayment terms.

35. Directors' remuneration

For an overview of the directors' remuneration, reference is made to note 23 of the consolidated financial statements.

36. Audit fees

For an overview of the audit fees, reference is made to note 22 of the consolidated financial statements.

37. Contingencies and commitments

The company has no contingent liabilities in respect to legal claims.

Per December 31, 2017 the company has a credit facility agreement of 7,500 (2016: 7,500) and 5,015 (2016: 5,217) is used for bank guarantees and letters of credit. The credit facility agreement can be cancelled. In addition Adyen has an intra-day credit facility of 100 million (2016: nil) which is not used as per December 31, 2017.

Adyen B.V. and Adyen International B.V. are a fiscal unity for income tax purposes. Under the Dutch Tax Collection Act, the members of the fiscal unity are jointly and severally liable for any taxes payable by the fiscal unity.

Pursuant to the Collection of State Taxes Act, the company and its subsidiary are both severally and jointly liable for the tax payable by the combination.

In the financial statements of Adyen B.V., tax expenses are calculated on the basis of the commercial result realized by Adyen B.V.

Adyen B.V. and Adyen International B.V. settle these expenses through their intercompany accounts.

38. Proposed profit appropriation

Awaiting the decision by the shareholders, the income for the year is separately included in the shareholder's equity as unallocated net income. It is proposed that the result for the year will be added to the retained earnings.

It is proposed that the dividend on the ordinary shares is not paid out but is added to the retained earnings.

39. Events after balance sheet date

There are no events after the reporting period.

Amsterdam, April 13, 2018

12. Other information

Provisions in the Articles of Association relating to profit appropriation

The Articles of Association of Adyen provide that the appropriation of the net income for the year is decided upon at the Annual General Meeting of Shareholders.

For the preferred dividends the Annual General Meeting of Shareholders can elect to pay out the annual dividend on these shares or to add the dividend to the class reserve.

Independent auditor's report

We refer to the next page.

13. Independent auditor's report



Independent auditor's report

To: the general meeting and supervisory board of Adyen B.V.

Report on the financial statements 2017

Our opinion

In our opinion Adyen B.V.'s financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2017, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2017 of Adyen B.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of Adyen B.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2017;
- the following statements for 2017: the consolidated and company statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence

We are independent of Adyen B.V. in accordance with the European Regulation on specific requirements regarding statutory audit of public interest entities, the 'Wet toezicht accountants-organisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

The Company is a payment service provider with a banking licence in the Netherlands and has been fast growing over the past years. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

All of activities run on one web based payment platform operated by the Company. Therefore, the effective design and operations of IT general controls is significant to the Company and our audit. We refer to the section 'Key Audit Matters' in this respect.

The financial year was characterised by the fact that the Company obtained a banking license in April 2017. As part of the transition from the payment-service-provider license to the banking license, the Company merged with Stichting Adyen Client Management Foundation. The Company amended, following the merger, its terms and conditions with customers to reflect the Company would not be able to pledge or utilise for own purposes the receivables from financial institutions the company owns legally after the merger. Before obtaining the banking licence, the receivables were legally owned by Stichting Adyen Client Management Foundation. As a result of this change in terms and conditions, the Company determined that based on the requirements of EU-IFRS, receivables from financial institutions and related payables to merchants should be de-recognised from the balance sheet. This matter and our audit procedures thereon are further described in the section 'Key Audit Matters'.

Revenue growth is considered to be one of the key financial indicators for investors and other stakeholders in the Company to measure the performance of management. The Company achieved substantial revenue growth over the previous years and has a focus on revenue growth. Based on these facts and conditions we determined the risk of revenue overstatement and occurrence and considered the risk of fraud in revenue recognition to be a key audit matter.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements. In paragraph "Critical accounting policies" of the financial statements the Company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the estimation uncertainty and the related higher risks of material misstatement in the fair value measurement of the share-based payments, we determined on this to be a key audit matter.



As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a payment service provider. We therefore included specialists in the areas of IT and valuation of share-based payments in our team.

The outline of our audit approach was as follows:



Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€4.5 million
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment we used 5% of profit before tax.
Rationale for benchmark applied	This benchmark is a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax is an important metric for the financial performance of the company and is widely used within the industry.

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**Component
materiality**

The components in our audit scope were audited to an allocated component materiality or local statutory audit materiality that was less than our overall group materiality. The range of materiality allocated across components was between €0.7 million and €1.8 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €225k as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Adyen B.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Adyen B.V.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at the component level by the group engagement team and by each component auditor.

The group audit primarily focussed on the significant components: the Netherlands, United States of America and Brazil (of which the Netherlands is the most significant component).

All three significant components above were subject to audits of their complete financial information as those components are individually financially significant to the Group. In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenues	100%
Total assets	99%
Profit before tax	99%

None of the remaining components represented more than 1% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures and audit procedures on any remaining material balances to corroborate our assessment that there were no significant risks of material misstatements within those components.

For the Netherlands the group engagement team performed the audit work. For the United States of America and Brazil components we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

The group consolidation, financial statement disclosures and a number of items, such as the valuation of share-based payments, are audited by the group engagement team at the head office.

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By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we make on the results of our procedures should be read in this context.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<i>IT general controls</i> Due to the activities of the Company, the effective design and operations of IT general controls is of significance to the Company. In particular, the proper functioning operating effectiveness of the payment platform and relevant IT general controls are of great importance for the accurate and complete processing of occurred transactions. In addition to the above the financial accounting and reporting of the Company is largely dependent on the payment platform since the most significant line items in the balance sheet (cash and cash equivalents and payables to merchants) and the statement of comprehensive income (revenues and costs incurred from financial institutions) are recorded on the payment platform. Based on the above considerations, we considered IT general controls to be a key audit matter in our audit.	Our audit work included, amongst others, understanding, evaluating and testing on a quarterly basis the relevant IT general controls with the assistance of our IT auditors to the extent relevant for our audit. These comprised of the following key activities at the Company: <ul style="list-style-type: none">• Computer operations ensuring reliability of IT systems: we tested controls that ensure that a backup and recovery process had been established by the Company, that local back up's (per individual datacentre) were made and stored cross-datacentre. Our test results demonstrated that production data were continuously replicated across the individual datacentres. Finally, we validated that on an annual basis, the business continuity plan was tested for operating effectiveness.• Access management and segregation of duties over IT systems: we tested controls which ensured that logical access to programs and data is limited to authorised personnel. These controls ensured amongst others complete and accurate processing of user rights of joiners, movers and leavers in the Company, periodic review of user accounts, review of database actions and limitation of administrator accounts throughout the application, database and network.



Key audit matter

How our audit addressed the matter

- Change management procedures for software and infrastructural changes: we tested controls which ensured that the development and maintenance of software was properly authorised, peer reviewed, approved (both manually and automated) and documented prior to implementation in the production environment.

We found that we could rely on the IT general controls of the Company for the purpose of our audit.

Risk of overstatement in revenue recognition *Refer to note 2 in the consolidated financial statements*

The Company's services operate on a secure web based payment platform. Independent of whether payments are submitted online, mobile or through point-of-sale terminals, there is one integrated platform on which customers are being served and transactions are being processed. As such this key audit matter should be read and considered in conjunction with the key audit matter on IT general controls.

The revenues that the Company generated related to processing fees, settlement fees and fees for other services in connection with processed payments. For this purpose, the Company agreed with customers charge rates per transaction and by type of activity.

Revenue is recorded based on the assumption that the Company acts as a principal for all payment processing services it provides and therefore all revenues are reported on a gross basis.

The Company recognised substantial growth in revenue over the previous years and had a focus on revenue growth. Revenue is therefore a key financial indicator on which the performance of management is measured by investors and other stakeholders in the Company. Based on these facts and conditions we determined the risk of revenue overstatement. As such, we considered the risk of overstatement in revenue recognition (relating to the risk of overstatement and occurrence of revenues) to be a key audit matter in our audit.

Our audit work included, amongst others, an evaluation of management's process design and operating effectiveness of controls that mitigate the risk of overstatement of revenue recognition:

- Standing data maintenance covering the accuracy of customer contracts.
- Transaction handling relating to automated capturing and authorisation of payments.
- Automated settlement for matching of bank statements and collecting and matching refunds and charge-backs.
- Payment pay-out process covering the automated generating, processing and authorisation of pay-out batches.
- Invoicing to customers.

Based on our audit procedures over these activities, we determined that we could rely on these controls for the purpose of our audit.

In addition to testing the operating effectiveness of these controls on revenue recognition and IT general controls as summarised in the separate key audit matter on IT general controls, we also performed substantive procedures:

- On sample basis, we tested the accuracy of contractual rates captured in the payment system by comparing it to signed customer agreements.
- We evaluated and assessed recorded revenue against the requirements included in IAS 18 management's assessment in which it concluded that for all its payment services it acts as a principal.

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Key audit matter

How our audit addressed the matter

Valuation of share-based payments Refer to note 3 in the consolidated financial statements

The Company had a stock option plan under which directors and employees were awarded stock options. This stock option plan qualified as share based payments under EU-IFRS. In 2017, the Company recorded €1.3 million of expenses in relation to share based payments.

The recognition and measurement of granted options was measured at fair value. The fair value of granted options was calculated based on a Black Scholes model in which for each granted option the fair value was determined.

The Company determined the total enterprise valuation based on an average of three years discounted cash flows using a weighted average cost of capital. On this basis, the grant date fair values of option grants were calculated which includes the expected volatility. In particular, the expected volatility required significant judgment from management since it was based on statistical analysis of share prices of listed peer companies of the Company over the last six years. The Company made use of a third party vendor to assist them in the valuation process of granted options.

Given the related estimation uncertainty and complexity involved in determining the fair value of share-based payments that results in a higher risk of material misstatement, we determined this to be a key audit matter in our audit.

- We reconciled the recognised revenue in the financial statements to the payment service platform.
- We tested a sample of manual journal entries in revenue recognition to supporting documentation.

The audit procedures carried out by us, did not identify material exceptions.

Our audit work included, amongst others, an evaluation of management's process design and operating effectiveness of controls that cover the granting and valuation process for share-based payments and the governance over the valuation process. The control we have tested, amongst others, pertained to the approval of stock options granted to employees. Based on these audit procedures, we determined that we could rely on these controls for the purpose of our audit.

Furthermore, we have performed the following audit procedures:

- Tested the option administration by reconciling on a sample basis the number of options, exercise prices, grant dates and vesting periods to underlying documents such as the stock option plan and individual grants to employees.
- With the assistance of our valuation specialists, we tested the total enterprise valuation based on an average of three years discounted cash flows using a weighted average cost of capital. In doing so, we evaluated the methodology applied by the Company to perform the valuation. In addition, we tested the grant date fair values of option grants made during 2017 including the expected volatility through a benchmark analysis. This benchmark analysis comprised of an independent assessment of historical volatilities of peer companies of the Company. Finally, we validated the weighted average cost of capital by comparing this against relevant market data.
- We evaluated the competence, capabilities and objectivity of the independent valuator and evaluated the work of the third party vendor.

We found the assumptions used in the valuation of share based payments by the Company fell within an acceptable range when compared to relevant market data.

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Key audit matter	How our audit addressed the matter
<p>De-recognition of receivables from financial institutions and related payables to merchants <i>Refer to the section 'Significant developments in the reporting period' and note 16.1 in the consolidated financial statements</i></p> <p>As part of the transition from the payment-service-provider license to the banking license, the Company merged with Stichting Adyen Client Management Foundation. The Company amended, following the merger, its terms and conditions with customers to reflect the Company would not be able to pledge or utilise for own purposes the receivables from financial institutions the Company owns legally after the merger. Before obtaining the banking licence, the receivables were legally owned by Stichting Adyen Client Management Foundation.</p> <p>As a result of this change in terms and conditions, the Company determined that based on the requirements of EU-IFRS, receivables from financial institutions and related payables to merchants should be de-recognised from its balance sheet. The company has the obligation to pay the receivables from financial institutions directly to the merchants and has no obligation to pay the merchants unless it collects the amounts first, which meet the requirements of a pass through arrangement according to IAS 39. A pass through arrangement exists when an entity has the obligation to remit cash flows without material delay and is not able to reinvest such cash flows.</p> <p>The Company has determined that the amended terms and conditions meets these requirements and therefore the relating receivables from financial institutions and related payables to merchants should be derecognised. This de-recognition had a significant impact on the balance sheet and statement of cash flows and therefore we determined this to be a key audit matter in our audit.</p>	<p>Our audit work included, amongst others, the following audit procedures:</p> <ul style="list-style-type: none">• We read the relevant parts of the amended terms and conditions.• We assessed the company's accounting treatment against the de-recognition requirements included in EU-IFRS. In particular, we have inspected the amended terms and conditions of the merchant agreements to test that the pass-through arrangement requirements as included in IAS 39 were met.• Assessed whether the relevant disclosures in the financial statements comply with EU-IFRS requirements. <p>We found that we could concur with the de-recognition accounting treatment applied by the Company in accordance with IAS 39.</p>

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors report;
- the supervisory board report;

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- the remuneration report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the report of the board of directors' and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were re-appointed as auditors of Adyen B.V. on 7 April 2017 by the supervisory board. The appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 9 years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 22 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.



As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 13 April 2018
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.S. de Bruin RA



Appendix to our auditor's report on the financial statements 2017 of Adyen B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.



We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

1. Directors' report

The Director's report is not included in these financial statements. Such report is available for review and can be obtained from the Chamber of Commerce in the Netherlands.

2. Consolidated Statement of Comprehensive Income

For the years ended December 31, 2016 and 2015

(all amounts in EUR thousands unless other stated)

	Note	2016	2015
Revenues	6	659,361	331,101
Costs incurred from financial institutions		(494,386)	(230,939)
Changes in inventory	20	(6,990)	(1,712)
Wages and salaries	10	(38,042)	(31,296)
Social securities and pension costs	10	(5,435)	(3,732)
Amortization and depreciation of tangible and intangible fixed assets	16&17	(4,136)	(2,218)
Other operating expenses	12	(47,433)	(20,358)
Other income	7	54	
Other gains and losses	7	56,282	
Income before interest income, interest expense and income taxes		119,275	40,846
Finance income	8	381	497
Finance expense	8	(236)	(8)
Other financial results	13	89	(293)
Net finance income		234	196
Income before income taxes		119,509	41,042
Income taxes	15	(22,279)	(7,434)
Net income for the period		97,230	33,608
Net income attributable to:			
Owners of Adyen B.V.		97,230	33,608
		97,230	33,608
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Gains on re-measuring available-for-sale financial assets	24	19,605	57,465
Income tax relating to this item	24	(3,597)	(11,493)
Other currency translation adjustments	24	225	55
Currency translation adjustments subsidiaries	24	437	150
Other comprehensive income for the year		16,670	46,177
Total Comprehensive income for the year (attributable to owners of Adyen B.V.)		113,900	79,785

The items of other comprehensive income in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 15.

The accompanying notes are an integral part of these consolidated financial statements.

3. Consolidated Balance Sheet

As at December 31, 2016 and 2015

(all amounts in EUR thousands unless other stated)

	Note	31-Dec-16	31-Dec-15
Assets			
Non-current assets			
Intangible assets	16	3,955	2,978
Property, plant and equipment	17	15,084	7,692
Available-for-sale financial asset	18	19,605	45,972
Receivables	19	4,080	
Deferred tax assets	15	1,160	919
Total Non-current assets		43,884	57,561
Current assets			
Inventories	20	3,246	1,462
Trade and other receivables	21	11,655	8,435
Receivables from financial institutions	21	636,751	251,640
Cash and cash equivalents	22	680,067	502,318
Total Current assets		1,331,719	763,855
Total assets		1,375,603	821,416
Equity			
Equity attributable to owners of Adyen B.V.			
Share capital	24	294	294
Share premium	24	148,331	148,159
Other reserves	24	25,706	53,001
Retained earnings	24	140,631	44,378
Total Equity		314,962	245,832
Non-current liabilities			
Deferred tax liabilities	15	3,848	19
Total Non-current liabilities		3,848	19
Current liabilities			
Payables to merchants	23	1,027,043	560,263
Trade and other payables	23	14,715	12,774
Current income tax liabilities	23	15,035	2,528
Total Current liabilities		1,056,793	575,565
Total liabilities and equity		1,375,603	821,416

4. Consolidated Statement of Changes in Equity

For the years ended December 31, 2016 and 2015
(all amounts in EUR thousands unless other stated)

Attributable to equity owners of Adyen B.V.

	Note	Share capital	Share premium	Other legal reserves	Other reserves	Retained earnings	Total equity
Balance - January 1, 2015	24	288	108,184	2,000	1,709	11,711	123,892
Net income for the year						33,608	33,608
Proceeds on issuing shares		6	39,975				39,981
Share-based payments	9				2,174		2,174
Intangible assets				941		(941)	-
<i>Other comprehensive income</i>							-
Re-measurement available-for-sale financial asset	18			45,972			45,972
Other currency translation adjustments				55			55
Currency translation adjustments subsidiaries				150			150
Balance – December 31, 2015		294	148,159	49,118	3,883	44,378	245,832
Balance - January 1, 2016	24	294	148,159	49,118	3,883	44,378	245,832
Net income for the year						97,230	97,230
Proceeds on issuing shares			172				172
Share-based payments	9				1,030		1,030
Intangible assets				977		(977)	-
<i>Other comprehensive income/(expense)</i>							
Disposal available-for-sale financial asset	18			(45,972)			(45,972)
Re-measurement available-for-sale financial asset	18			16,008			16,008
Other currency translation adjustments				225			225
Currency translation adjustments subsidiaries				437			437
Balance – December 31, 2016		294	148,331	20,793	4,913	140,631	314,962

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 15. The accompanying notes are an integral part of these consolidated financial statements.

5. Consolidated Statement of Cash Flows

For the years ended December 31, 2016 and 2015
(all amounts in EUR thousands unless other stated)

	Note	2016	2015
Cash flows from operating activities			
Income before income taxes		119,509	41,042
<i>Adjustments for:</i>			
- Finance income	8	(381)	(497)
- Finance expenses	8	236	8
- Other financial results	13	(89)	293
- Depreciation of tangible fixed assets	17	3,124	1,533
- Amortization of intangible fixed assets	16	1,012	685
- Share-based payments	9	1,030	2,175
<i>Changes in Working capital:</i>			
- Inventories	20	(1,784)	(1,394)
- Trade and other receivables	21	(3,220)	(2,981)
- Receivables from financial institutions	21	(385,111)	(103,829)
- Payables to merchants	23	466,780	208,479
- Trade and other payables	23	1,941	271
Cash generated from operations		203,047	145,785
Interest received		381	495
Interest paid		(11)	(8)
Income taxes paid		(9,772)	(7,874)
Net cash flows from operating activities		193,645	138,398
Cash flows from investing activities			
Purchases of property, plant and equipment	17	(10,537)	(5,236)
Purchases of intangible assets	16	(1,989)	(1,626)
Disposal of property, plant and equipment	17	12	
Receivables	19	(4,080)	
Dividends received	7	54	
Net cash used in investing activities		(16,540)	(6,862)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	24		6
Share premium paid by the shareholders	24	172	39,975
Net cash flows from financing activities		172	39,981
Net increase in cash, cash equivalents and bank overdrafts		177,277	171,517
Cash, cash equivalents and bank overdrafts at beginning of the year		502,318	330,886
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		472	(85)
Cash, cash equivalents and bank overdrafts at end of the year		680,067	502,318

6. Notes to the Consolidated Financial Statements

1. General information

Adyen B.V. ("the Company or the Group") is a payment service provider ("PSP") acting under a Payment Institution License issued by the Dutch Central Bank (see Financial Service Act section 1:107) Adyen B.V. is licensed as a Payment Institute under the EU Payment Service Directive and as such regulated and supervised by the Dutch Central Bank. To meet the requirements on the security of funds received from payment services, Adyen B.V. uses a special purpose entity Stichting Adyen Client Management Foundation ("The Foundation"). The Dutch Central Bank will therefore include Adyen B.V. and Stichting Adyen Client Management Foundation jointly in its supervision.

The Company has operations in the Netherlands, Germany, France, Brazil, Singapore, Sweden, UK, Spain, Belgium, Canada, Australia, Korea, Hong Kong, Mexico, China, New Zealand, Malaysia and the United States. The Company is a limited liability Company ("Besloten Vennootschap") domiciled in the Netherlands. The address of the Company's registered office is Simon Carmiggeltstraat 6 -50, 5th floor, 1011DJ Amsterdam, the Netherlands.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation and adoption of IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the European Union and in accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

As the financial data of the Company are included in the consolidated financial statements, the income statement in the Company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

All amounts in the notes to the consolidated financial statements are stated in thousands of EUR, unless otherwise stated.

These financial statements were approved by the supervisory board for issue on 7 April, 2017

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, unless stated otherwise.

New and amended standards adopted by the group:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016 and are applicable for consolidated financial statements of the Company:

New standards and interpretations not yet adopted:

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Company.

None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments,' addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 has been endorsed by the European Union at November 2016.

This standard will replace the existing standard on the recognition and measurement of financial instruments and requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. We do not expect that the current IAS 39 classification of financial instruments applicable to us will differ significantly from the classification of such applicable financial instruments as determined in IFRS 9, except that the available-for-sale asset relating to preferred stock in Visa Inc. will be classified at fair value through OCI and therefore result will no longer recycle to the consolidated statement of comprehensive income.

The standard has introduced a new expected-loss impairment model that will require impairment losses to be recognised on an expected loss basis. This new model will apply to financial assets measured at either amortised cost or fair value through OCI, as well as certain off-balance sheet exposures. We do not deem such off-balance sheet exposures, in terms of IFRS 9, to be applicable to us with regards to the measurement of expected credit losses. Also, we do not expect that the new impairment rules have a significant impact on the Group.

Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt IFRS 9 before its mandatory date of 1 January 2018.

IFRS 15, 'Revenue from contracts with customers' is a new standard for the recognition of revenue.

This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognize transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2018), i.e. without restating the comparative period.

The Group or the Company will make more detailed assessments of the impact over the next twelve months but do not expect a significant impact.

Mandatory for financial years commencing on or after 1 January 2018.

Expected date of adoption by the Group: 1 January 2018.

IFRS 16 'Leases', issued in January 2016, includes a new approach to lease accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by leases. The model reflects that, at the start of a lease, the lessee obtains a right to use the underlying asset for a period of time, and the lessor has provided or delivered that right. Both the asset and the liability are initially measured at the present value of lease payments. A lessee presents amortization of the right-of-use asset in the same line item as other similar expenses (for example, depreciation of property, plant, and equipment) and interest on the lease liability in the same line item as interest on other, similar financial liabilities. For lessors, the accounting stays almost the same. However, the definition of a lease, as well as the guidance on the combination and separation of contracts, have been updated. IFRS 16 is effective for periods beginning on or after 1 January 2019.

At this stage, the Group does not intend to adopt the standard before its effective date. The new rule will have no significant impact on the Group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Consolidation

Subsidiaries are all entities (including structured entities) over which the Company has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Stichting Adyen Client Management Foundation ("The Foundation") is fully consolidated since the foundation solely provides services to the group and is controlled by the Company. As part of the Company's business model, Adyen collects receivables from financial institutions and passes these amounts on to customers. The Foundation acts as a Trustee between the financial institutions and Adyen's merchants.

Inter-Company transactions, balances, income and expenses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Company statement of income

An abridged Company statement of income is presented in accordance with Section 402 of Book 2 of the Dutch Civil Code.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each consolidated entity in the Adyen B.V. group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Adyen B.V. is the Euro.

The financial statements of entities that have a functional currency different from that of Adyen B.V. ("foreign operations") are translated into EUR as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates). All resulting changes are recognised in other comprehensive income as cumulative translation adjustments.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entities' functional currency are recognised in the statement of income in "currency translation adjustments".

Intangible assets

The Company's intangible assets are stated at cost less accumulated amortization and include internally generated software with finite useful lives. These assets are capitalized and amortised on a straight-line basis in the statement of income over the period of their expected useful lives as follows:

- Internally generated software 5 years.
- Expenditures during the research phase are expensed as incurred.
- Expenditures during the development phase are capitalized if certain criteria, including technical feasibility and intent and ability to develop and use the technology, are met; otherwise they are expensed as incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Machinery and equipment	5 years
Leasehold improvement	3-5 years
Furniture and fixture	3-5 years

The Company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognised when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment of assets

Assets with definite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets and liabilities

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

At initial recognition, the Company classifies its financial instruments in the following categories:

- i. Financial assets and liabilities at fair value through profit or loss
- ii. Available-for-sale financial assets
- iii. Loans and receivables
- iv. Financial liabilities at amortised cost

The Company only has available-for-sale financial asset and loans and receivables and financial liabilities measured at amortised cost.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise trade receivables and cash and cash equivalents, and are included in current assets due to their short-term nature.

Loans and receivables are initially recognised at fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest method less a provision for impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see IAS 18 Revenue), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Other receivable represents deferred cash receivable from Visa Inc., to be received on the third anniversary of the closing date of the transaction. The fair value reflects the present value of the future cash receivable, by discounting the cash amount to be received at an appropriate market rate.

Financial liabilities:

Financial liabilities at amortised cost include trade payables, bank debt and long-term debt. Trade payables are initially recognised at fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank debt and long-term debt are recognised initially at fair value, net of any transaction costs incurred, and subsequently at amortised cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Available-for-sale financial asset:

Available-for-sale investment is a financial asset that is intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to maturity investments or financial assets at fair value through profit or loss.

The available-for-sale financial asset is initially recognised at fair value, which is the cash consideration and measured subsequently at fair value with gains and losses being recognised in the consolidated statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the consolidated statement of comprehensive income is recognised in the consolidated income statement. However foreign currency gains and losses on monetary assets classified as available for sale are recognised in the consolidated income statement.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include:

- (i) significant financial difficulty of the obligor;
- (ii) delinquencies in interest or principal payments; and
- (iii) it becomes probable that the obligor will enter bankruptcy or other financial reorganization.

If such evidence exists, the Company recognizes an impairment loss which is taken to the Consolidated Statement of Comprehensive Income.

The loss is the difference between the amortised cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortised cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The costs of finished goods comprise the purchase value of these goods. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Fair valuation measurements

The Company has a financial instrument measured at fair value. For disclosure purposes the Company determines the fair value of the financial instruments. The different levels have been defined as follows:

Level 1 – The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2 – The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity, in which case the income tax is also recognised directly in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognised

if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit / loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and liabilities are presented as non-current.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

Post-employment benefit obligations:

Group companies operate various pension schemes. The entitlement of the employees under the Company's pension plans is all classified as defined contribution plans.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments & option plan:

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of Adyen B.V. The fair value of the employee services received in exchange for the grant of Depositary Receipts of the Company is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the group revises its estimates of the number of Depositary Receipts that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Revenue recognition

Sales from services provided are recognised in the accounting period when the services are rendered. The outcome can be estimated reliably when all the following conditions are met:

- (i) the amount of revenue can be measured reliably;
- (ii) it is probable that the economic benefits associated with the transaction will flow to the enterprise;
- (iii) the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- (iv) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenues are determined on the fair value of the consideration received or receivable. In most cases, the consideration received or receivable will be in cash. In that case, the fair value of the consideration equal to the amount of cash. The amount of the revenue is determined after deducting sales commissions.

Adyen has the following sources of revenue:

- (i) Processing fees
- (ii) Settlement fees
- (iii) Other services

Processing fees are recognised as revenue when a transaction is initiated via the Adyen payment platform. Settlement fees are recognised when a payment transaction has been completed by means of settlement with the merchant. Other fees, such as chargeback letter fees, forex fees and refund fees are recognised as revenue when the services are rendered.

Revenue is recognised based on the assumption that the Company acts as a principal for all the payment processing services it provides to the Merchants. Settlement fees are presented net of the amount that is paid to the merchants since Adyen considers itself an agent for the collection of amounts from the consumer and payout to the merchant for this part of the amount that is collected by Adyen. Adyen considers itself a principal for the payment services that it provides to merchants and presents the fees charged and costs incurred to provide these services, including credit card fees and other charges paid to financial institutions, on a gross basis.

Leases

Operating leases:

The group leases certain property, plant and equipment and office buildings. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Company currently has no finance leases.

3. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

The financial statements currently contain the following critical accounting estimates and judgments:

Management has determined the Company acts as a principal for the total of the amount it charges to the merchants for providing payment services, including the credit card fees, because it believes that the Company is the primary obligor for these services and bears the significant risks and rewards associated with providing the payments services to the merchants. This is evidenced by the fact that the entity has the primary responsibility for fulfilling the payment services to the client and has latitude in setting the prices it charges for these services. The amount recognised as revenues therefore includes the credit card fees charged by the various credit card schemes that are recharged to the merchants as part of the settlement fees.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items that are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgments is included in notes below together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgments are:

- Estimated useful life of intangible asset – note 16

Estimates and judgments are continuously evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. For a description of the assumptions applied in these significant estimates or judgments we refer to the summary of significant accounting policies.

4. Financial risk factors

Financial risk management

The Company's activities expose it to a variety of financial risks. Risk management is carried out by management. Management identifies and evaluates the financial risks in co-operation with the Company's operating units based on principles for overall risk management. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance. Management is of the opinion that the Company's exposure to financial risks is limited.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises on recognised assets and liabilities, principally trade receivables and trade payables, and investments in foreign operations.

Management does not actively manage the foreign exchange risk because the exposure to foreign exchange risks is limited. This situation is evidenced by the absence of any significant results related to foreign exchange risk in the income statement.

This table below presents the financial assets and liabilities excluding the Stichting Adyen Client Management Foundation:

	31-Dec-16	31-Dec-15
Financial assets		
Available-for-sale financial asset	19,605	45,972
Receivables	4,080	
Trade and other receivables	8,071	4,432
Cash and cash equivalents	269,292	184,958
Total financial assets	301,048	235,362
Financial liabilities		
Trade and other payables	2,481	1,299
Accrued liabilities and other debts	5,566	2,146
Total financial liabilities	8,047	3,445

	31-Dec-16	31-Dec-15
Financial assets		
EUR	298,054	234,239
AUD	679	537
USD	2,038	486
GBP	160	44
SGD	117	56
Total financial assets	301,048	235,362
Financial liabilities		
EUR	8,047	3,445
Total financial liabilities	8,047	3,445

Foreign currency sensitivity analysis

The sensitivity analysis below details the impact of a 10% (2015: 10%) strengthening in the Group's significant currencies against Euro, applied to the net result and equity of the Company.

31 December 2016	AUD	USD	GBP	SGD
Monetary assets	679	2,038	160	117
Net monetary position	679	2,038	160	117
Currency impact	68	204	16	12
31 December 2015	AUD	USD	GBP	SGD
Monetary assets	537	486	44	56
Net monetary position	537	486	44	56
Currency impact	54	49	4	6

(ii) Equity price risk

The Company's exposure to equity securities price risk arises from investment in Visa Inc. preferred shares, which are classified in the balance sheet as available-for-sale. Visa Inc. (NYSE: V) shares are publicly traded at NYSE.

Amounts recognised in profit or loss and other comprehensive income

The amount recognised in other comprehensive income in relation to the available-for-sale financial asset is disclosed in note 24.

(iii) Interest rate risk

Interest rate risk could arise from adverse movements in underlying interest rates. Because the Company is not financed with external debt, no significant interest rate risk is present. Although significant liabilities towards the merchants are present, these liabilities are non-interest bearing and are settled at short notice creating no significant interest rate risk.

The cash balances of the Company are not significantly exposed to interest rate risk due to the fact that cash is used to settle the current liabilities towards the merchants at short notice and the bank accounts of the Company are non-interest bearing.

(b) Credit risk

The counterparty credit risk relates to payment obligations of merchants regarding fees, refunds and chargebacks, receivables from financial institutions regarding settled payment transactions, and cash and cash-equivalents held at financial institutions. A default of merchants or financial counterparties could have a negative impact on Adyen's financial results.

Company surplus cash is invested in interest bearing short-term deposits with financial institutions and is exposed to credit risk with these counterparties. Adyen actively manages concentration risk and it is the Company's policy to only hold cash and cash equivalents at banks with a credit rating A or higher.

The credit quality of receivables from financial institutions is assessed based on financial position, past experience and other factors, no defaults occurred during the year and management does not expect any losses from non-performance by these counterparties.

It is the Company's policy to minimize the merchant credit risk related to fees and chargebacks. Credit risk is therefore managed on a customer basis. A merchant can be required to place a deposit or other forms of guarantees with the Company. The amount of the deposit and/or guarantee is based on the expected value of the transactions and expected chargebacks that will be processed for the merchants and is adjusted for the actual transaction volumes. This deposit covers for potential refunds, chargebacks, and other potential financial obligations of the merchant towards Adyen. This together with the fact that Adyen collects the payments on behalf the merchants and settles the payments with the merchants minus the fees charged by the Company reduces the credit risk of the Company. The maximum exposure to credit risk for the accounts receivable is equal to the book value minus the amount of the deposits.

The maximum exposure to credit risk for the accounts receivable is equal to the book value minus the amount of the deposits.

Cash and cash equivalents are held at banks. It is the Company's policy to only hold cash and cash equivalents at banks with a credit rating A or higher. The credit quality of receivables from financial institutions is assessed based on financial position, past experience and other factors, no defaults occurred during the year and management does not expect any losses from non-performance by these counterparties. As a result the maximum credit exposure is limited.

(c) Liquidity risk

Liquidity risk is the risk that Adyen could not meet its short-term payment obligations.

Cash flow forecasting is performed in the operating entities of the Company and aggregated in head office which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Surplus cash held by the operating entities over and above balances required for working capital management are invested in interest bearing short-term deposits, which are selected with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The group considers that the carrying value of trade and other receivables gives a fair presentation of the credit quality of the assets. This is considered to be the case, as these are existing customers with no defaults in the past. The carrying value is expected to be the final value received. Cash and cash equivalents are held at banks. It is the Company's policy to only hold cash and cash equivalents at banks with a credit rating A or higher. The credit quality of receivables from financial institutions is assessed based on financial position, past experience and other factors, no defaults occurred during the year and management does not expect any losses from non-performance by these counterparties.

The table below analyses the group's non-derivative financial instruments into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2016

	Non-maturity	Less than 3 months	3 months to 1 year	2-5 years	Total
Financial assets:					
Available-for-sale financial assets	19,605				19,605
Receivables				4,080	4,080
Trade and other receivables		8,071			8,071
Receivables from financial institutions		636,751			636,751
Subtotal	19,605	644,822	-	4,080	668,507
Cash					
Non-restricted		677,067			677,067
Restricted		3,000			3,000
Subtotal	-	680,067	-	-	680,067
Financial liabilities:					
Payables to merchants		1,027,043			1,027,043
Trade and other payables		2,481			2,481
Accrued liabilities and other debts		5,092		474	5,566
Subtotal	-	1,034,616	-	474	1,035,090
Net position	19,605	290,273	-	3,606	313,484

December 31, 2015

	Non-maturity	Less than 3 months	3 months to 1 year	2-5 years	Total
Financial assets:					
Available-for-sale financial assets	45,972				45,972
Trade and other receivables		5,460	1,259	1,716	8,435
Receivables from financial institutions		251,640			251,640
Subtotal	45,972	257,100	1,259	1,716	306,047
Cash					
Non-restricted		499,318			499,318
Restricted				3,000	3,000
Subtotal	-	499,318	-	3,000	502,318
Financial liabilities:					
Payables to merchants		560,263			560,263
Trade and other payables		3,486	2,528		6,014
Accrued liabilities and other debts		8,088	545	655	9,288
Subtotal	-	571,837	3,073	655	575,565
Net position	45,972	184,581	(1,814)	4,061	232,800

At the balance sheet date the total of non-restricted cash amounts to 677,067 (2015: 499,318). The Company has a credit facility agreement of 7,500 (2015: 7,500) and 5,217 (2015: 1,384) is used for bank guarantees and letters of credits.

(d) Financial instruments and fair values

(a) Measurement categories

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognised in the statement of income or comprehensive income. Those categories are: fair value through profit or loss; loans and receivables; available for sale assets; and, for liabilities, amortised cost.

The Company has no balances of financial assets or liabilities classified as fair value through profit and loss.

(b) Fair values, including valuation methods and assumptions

The carrying values of cash and cash equivalents, current receivables and current payables approximate their fair value due to their short-term nature.

5. Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital of the Company comprises the reserves and the share capital related to the ordinary shares and the preferred shares.

In order to maintain or adjust the capital structure, the Company may amend the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Due to the growth strategy of the Company, the Company has no active dividend policy. Earnings are added to reserve to support and finance the growth strategy.

The Company is currently fully financed by means of equity and short-term liabilities which are part of the working capital and for which the duration equals the duration of the related accounts receivable.

6. Revenues

The breakdown of revenue by category is as follows:

	2016	2015
Processing fees	58,642	34,485
Settlement fees	563,143	275,857
Other services	37,576	20,759
	659,361	331,101

7. Other income and expense items

This note provides a breakdown of the items included in other income and other gains.

Other income	2016	2015
Dividends	54	
	54	-

Visa Inc. preferred stock carries the right to receive discretionary dividend payments. In 2016 EUR 54 of dividends were received.

Other gains and losses	2016	2015
Gain on sale of available-for-sale financial assets	56,282	
	56,282	-

On disposal, the carrying amount of the Visa Europe share is removed from the balance sheet and debited to profit or loss as a component of the net gain on disposal of the Visa Europe share. Any related amounts accumulated in other comprehensive income are recycled to the same line in profit or loss at the point of disposal.

Cash consideration received is recognised as a financial asset at the amount received with a corresponding credit to profit or loss as a component of the net gain or loss on disposal of the Visa Europe share.

8. Finance income and costs

	2016	2015
Finance cost:		
• Interest cost	(236)	(8)
Total finance cost	(236)	(8)
Finance income:		
• Interest income on short-term bank deposits	301	497
• Interest income on the deferred consideration	80	
Total finance income	381	497
Net finance income (excluding Other financial results)	145	489

9. Share-based payments

The Company has granted Depositary Receipts to directors and to employees as part of their remuneration up to 2013. The exercise price paid by the employees is equal to the fair value of the Depositary Receipts granted. The grant of the Depositary Receipts is conditional on the employee completing three years' service (the vesting period). If the employee leaves within the three years, the Company has the right, but not the obligation, to repurchase the Depositary Receipts at the original purchase price. Unlike the shareholders, employees do not receive shares in the Company but Depositary Receipts. The related shares of the Company are held by an administration foundation which issues the Depositary Receipts to the employees. These Depositary Receipts entitle the holder a share of the profits earned by the Company.

When an employee leaves the Company after the vesting period, the Company has the right, but is not required, to repurchase the Depositary Receipts at fair value. If the Company does not exercise its right to acquire the Depositary Receipts of the employee, the right is transferred to the other Depositary Receipts holders. If these do not exercise this right, the Depositary Receipts can be sold to a third party at fair value. Currently the Company does not have the intention, nor a history or formal management policy which requires the Company to re-acquire the Depositary Receipts when an employee leaves the Company.

The expenses related to the granted Depositary Receipts amounts to nil because the exercise price equals the fair value at the grant date. The share-based payment plan of the Company is classified as an equity-settled plan.

The Company has an option plan for directors and employees. Exercisable options give the opportunity to acquire Depositary Receipts. The exercise price of the granted options is equal to the market price of the shares at grant date. Options will vest over a period of four years. The vesting period starts on the grant date. 25% of the options will vest on the first anniversary of the grant date. The remaining 75% of the options will then vest monthly, in equal proportions at the end of each month, over the following 36 months. Options can be exercised at any time from the vesting date until the 8th anniversary of the grant date. The Company has no legal or constructive obligation to repurchase or settle the options in cash. The maximum aggregate number of Depositary Receipts in respect to which options shall be granted is 1,312,500. In 2016 76,750 (2015: 224,700) were granted and 597,050 (2015: 380,442) options are exercisable. The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was EUR 6.84 (2015: EUR 9.52) per option.

The following significant inputs to the model were used:

Period of grants	Grant	2016	2015
Q1 2015	Number of instruments granted		73,700
	Weighted average exercise price (in EUR)		37.59
	Weighted average share price at the date of grant		35.50
	Range of annual risk-free interest rate		0.162%
Q2 2015	Number of instruments granted		100,000
	Weighted average exercise price (in EUR)		39.90
	Weighted average share price at the date of grant		37.91
	Range of annual risk-free interest rate	-0.079% - 0.174%	
Q3 2015	Number of instruments granted		7,500
	Weighted average exercise price (in EUR)		39.90
	Weighted average share price at the date of grant		39.80
	Range of annual risk-free interest rate		0.192%
Q4 2015	Number of instruments granted		43,500
	Weighted average exercise price (in EUR)		61.91
	Weighted average share price at the date of grant		41.22
	Range of annual risk-free interest rate	0.013% - 0.209%	
Q1 2016	Number of instruments granted	28,300	
	Weighted average share price at the date of grant	42.20	
	Range of annual risk-free interest rate	-0.234% - 0.129%	
Q2 2016	Number of instruments granted	9,500	
	Weighted average share price at the date of grant	43.85	
	Range of annual risk-free interest rate	-0.304% - -0.143%	
Q3 2016	Number of instruments granted	11,600	
	Weighted average share price at the date of grant	44.87	
	Range of annual risk-free interest rate	-0.473% - -0.393%	
Q4 2016	Number of instruments granted	27,350	
	Weighted average share price at the date of grant	46.17	
	Range of annual risk-free interest rate	-0.492% - -0.122%	
	Share price at the date of grant	Various	Various
	Expected life (years)	6 years	6 years
	Settlement	Equity settled	Equity settled
	Expected volatility (%)	30%	30%
	Expected dividends (dividend yield)	Nil	Nil

The volatility measured at the standard deviation on continuously compounded share returns is based on statistical analysis of daily share prices over the last six years. The volatility of 30% (2015: 30%) is an average volatility of listed peer companies.

The share price at grant is not objectively determinable therefor the Company has contracted a third party to determine the total enterprise value based on the average of three discounted cash flow with a Weighted Average Cost of Capital (WACC).

The grant date fair value of the options is expensed over the vesting period of the options.

See note 10 for the total expense recognised in the income statement for share options granted to directors and employees.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2016 Weighed average exercise price (in EUR) per share option	2016 Number of options (thousands)	2015 Weighed average exercise price (in EUR) per share option	2015 Number of options (thousands)
Outstanding at 1 January	17.96	1,041	10.95	819
Granted	66.50	76	43.40	225
Forfeited	11.82	-84	10.95	-3
Exercised	10.95	-16		
Expired				
Outstanding at 31 December	22.21	1,017	17.96	1,041

10. Wages and employee benefits expense

The expected contributions to the pension benefit plans for 2017 are 930. The average number of fulltime equivalents during the year was approximately 425 FTE of which 166 FTE outside of the Netherlands (2015: 332FTE / 111 FTE outside of the Netherlands). At year-end 480 people (2015:354) were working for the Company.

	2016	2015
Salaries and wages	37,012	29,121
Pension costs – defined contribution plans	780	604
Share based compensation	1,030	2,175
Other	4,655	3,128
	43,477	35,028

11. Compensation of key management

Key management during 2016 concerned five directors of the Company. The compensation paid or payable to key management for employee services is shown below:

	2016	2015
Salaries and short-term employee benefits	1,477	1,253
Share based payments	234	469
Post-employment benefits	3	2
	1,714	1,724

No loans, advance payments and guarantees have been granted to or on behalf of directors. In 2016 no remuneration was paid to supervisory board members as they were appointed in 2017.

12. Other operating expenses

	2016	2015
Housing costs	3,550	2,190
Office costs	921	712
IT costs	3,320	2,356
Sales & marketing costs	7,658	4,894
Travel and other staff expenses	7,595	5,099
Advisory costs	8,394	4,509
Insurances	393	332
Other	15,602	266
	47,433	20,358

Other operating expenses include merchant default costs.

13. Other financial results

	2016	2015
Net foreign exchange (loss)	89	(293)
	89	(293)

14. Audit fees

The following audit fees were expensed in the income statement in the reporting period:

	PwC Accountants	Other PwC firms	Total
<i>2015</i>			
Audit of financial statements	332		332
Other audit services		126	126
Tax services		19	19
Other non-audit services		142	142
Total 2015	332	287	619
<i>2016</i>			
Audit of financial statements	314		314
Other audit services		101	101
Tax services		93	93
Other non-audit services		362	362
Total 2016	314	556	870

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditor's as referred to in section 1(1) of the of the Audit Firms Supervision Act ("Wet toezicht accountantsorganisaties-Wta") as well as by the Dutch and foreign-based accounting firms. Including their tax services and advisory groups.

These fees related to the audit of the 2016 financial statements, regardless of whether the work was performed during the financial year.

15. Income tax

	2016	2015
Current tax:		
Current tax on profits for the year	22,465	8,334
Total current tax	22,465	8,334
Deferred tax:		
Origination and reversal of timing differences	(186)	(900)
Total deferred tax	(186)	(900)
Income tax expense	22,279	7,434

The tax on the Company's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2016	2015
Profit before tax at statutory rate of 25%	29,877	10,261
Tax effects of:		
Prior year adjustments	19	(531)
Innovation box (changes in tax rate)	(8,219)	(2,847)
Tax rate differences on foreign operations	471	17
Non-deductible expenses	131	534
Income not subject to tax		
Income tax expense	22,279	7,434

The effective tax rate of the Company is 18.60% (2015: 18%).

The analysis of the deferred tax assets is as followed:

Deferred tax assets:	2016	2015
– Deferred tax asset to be recovered after more than 12 months	1,160	796
– Deferred tax asset to be recovered within 12 months		123
Total deferred tax assets	1,160	919

Deferred tax liabilities:	2016	2015
– Deferred tax liability to be recovered after more than 12 months	(3,848)	(19)
Total deferred tax liabilities	(3,848)	(19)

Net deferred tax assets	(2,688)	900
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Deferred tax assets:	2016	2015
At 1 January	919	-
State Tax Adyen Inc.	(41)	53
Stock based compensation Adyen Inc.	(77)	742
Net operating loss carryover Adyen Services Inc.	193	
Fixed assets Adyen Inc.	11	
Deferred rent	103	
Accruals Adyen Inc.	52	124
At 31 December	1,160	919

Deferred tax liabilities:	2016	2015
At 1 January	(19)	-
Visa Inc. preferred stock	(3,597)	
Fixed assets Adyen Services Inc.	(232)	(19)
At 31 December	(3,848)	(19)

16. Intangible assets

	Internally generated software
Period ended December 31, 2015	
Opening net book value	2,037
Additions	1,626
Amortization for the year	(685)
Closing net book value	2,978
At December 31, 2015:	
Cost	4,148
Accumulated amortization	(1,170)
Net book value	2,978
Period ended December 31, 2016	
Opening net book value	2,978
Additions	1,989
Amortization for the year	(1,012)
Closing net book value	3,955
At December 31, 2016:	
Cost	6,137
Accumulated amortization	(2,182)
Net book value	3,955

The group estimates the useful life of the software to be at least 5 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on technical innovations and competitor actions. If it were only 3 years, the carrying amount would be EUR 2,680 as at 31 December 2016. If the useful life were estimated to be 8 years, the carrying amount would be EUR 4,774.

17. Property, plant and equipment

	Machinery and equipment	Other	Total
At January 1, 2015			
Cost	3,944	1,477	5,421
Accumulated depreciation	(969)	(461)	(1,430)
Net book value	2,975	1,016	3,991
Year ended December 31, 2015			
At January 1, 2015	2,975	1,016	3,991
Exchange difference cost	(1)	(1)	(2)
Additions	4,486	750	5,236
Disposals			
Depreciation	(1,141)	(392)	(1,533)
At December 31, 2015	6,319	1,373	7,692
At December 31, 2015			
Cost or valuation	8,429	2,226	10,655
Accumulated depreciation	(2,110)	(853)	(2,963)
Net book value	6,319	1,373	7,692
Year ended December 31, 2016			
At January 1, 2016	6,319	1,373	7,692
Exchange difference cost	(3)	(6)	(9)
Additions	9,834	703	10,537
Disposals	(12)		(12)
Depreciation for the period	(2,647)	(477)	(3,124)
At December 31, 2016	13,491	1,593	15,084
At December 31, 2016			
Cost	18,248	2,923	21,171
Accumulated depreciation	(4,757)	(1,330)	(6,087)
Net book value	13,491	1,593	15,084

18. Available-for-sale financial asset

	31-Dec-16	31-Dec-15
Unlisted securities: Visa Europe membership		45,972
Listed securities: Visa Inc. preferred stock	19,605	
	19,605	45,972

The publicly announced deal on 2nd November 2015 that Visa Inc. will acquire Visa Europe through a 100% share capital purchase to create a single global Visa card payment processing business was closed on June 21, 2016. The total consideration paid by Visa Inc. is a mixture of cash and Visa Inc. convertible preferred stock (together the 'up-front consideration') and additional cash subsequent to the deal close (the 'deferred consideration').

The Company has classified their holding within the available-for-sale financial instrument asset category. The preferred stock Series C has no stated maturity and carries a right to receive discretionary dividend payments but cannot be freely traded primarily due to the restrictions on transfer.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of

them within 12 months of the end of the reporting period.

The Company has the following financial asset:

Recurring fair value measurements	Level 2	Level 3	Total
<i>December 31, 2015</i>			
Financial assets			
Available-for-sale financial asset		45,972	45,972
Total financial assets 31 December 2015	-	45,972	45,972
<i>Movements in 2016</i>			
Disposal membership Visa Europe		(45,972)	(45,972)
Recognition preferred stock Visa Inc.	19,605		19,605
Total financial assets 31 December 2016	19,605	-	19,605

The fair value of the preferred stock in Visa Inc. is based on the fair value of Visa Inc. common stock at the initial conversion rate of preferred stock into common stock. The conversion rate of the preferred stock into an equivalent number of common stock can fluctuate in the future.

The following table presents the changes in level 3 items for the periods ended 31 December 2016 and 31 December 2015:

Available-for-sale financial assets		Equity security	Total
Gains recognised in other comprehensive income	24	45,972	45,972
Closing balance at 31 December 2015		45,972	45,972
<i>Movements in 2016</i>			
Disposal membership Visa Europe		(45,972)	(45,972)
Closing balance at 31 December 2016		-	-

19. Other receivables

	31-Dec-16	31-Dec-15
Other receivables	4,080	
Other receivables	4,080	-

The fair value of other receivable reflect the present value of the future cash receivable, by discounting the cash amount to be received at an appropriate market rate. The unwinding of the discount element is recognised in the income statement based on the effective interest rate method.

20. Inventories

	2016	2015
Products for resale		
As at 1 January	1,462	68
Products for resale: Purchases during the year	8,774	3,106
Recognised as an expense during the year	(6,990)	(1,712)
As at 31 December	3,246	1,462

There are no inventories measured at fair value less cost to sell (2015: nil).

21. Trade, other receivables, receivables from financial institutions and shareholders of Adyen

	31-Dec-16	31-Dec-15
Trade and other receivables	12,139	8,729
Less: allowance for doubtful accounts	(484)	(294)
Trade receivables – net	11,655	8,435
Financial institutions	636,751	251,640
Total	648,406	260,075

No financial assets are past due except for trade receivables. As at December 31, 2016, trade receivables of 7,630 (2015: 3,889) were fully performing, 7,198 (2015: 3,463) were past due but not impaired and 108 (2015: 142) were impaired. The aging analysis of the latter two categories of receivables is as follows:

	31-Dec-16	31-Dec-15
Past due but not impaired		
Up to 3 months	5,621	2,938
3 to 6 months	1,577	525

The following table summarizes the changes in the allowance for doubtful accounts for trade receivables:

	2016	2015
Start of year	294	152
Provision for impairment	298	142
Receivables written off during the year as uncollectible	(108)	
End of year	484	294

A provision for impairment is generally recorded for trade receivable balances when there is objective evidence of impairment. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The carrying amounts of trade and other receivables approximate their fair value.

22. Cash and cash equivalents

	31-Dec-16	31-Dec-15
Non-restricted cash	677,067	499,318
Restricted cash	3,000	3,000
Cash and cash equivalents	680,067	502,318

The Company collects receivables from financial institutions and passes these amounts on to customers. The Foundation acts as a Trustee between the financial institutions and Adyen's merchants.

At 31 December 2016 EUR 411 million of cash and cash equivalents relate to cash in the Foundation (31 December 2015: EUR 317 million).

23. Trade, other payables and current income tax liabilities

	31-Dec-16	31-Dec-15
Payable to merchants	1,027,043	560,263
Trade payables	2,481	1,299
Taxes and social security	2,568	2,187
Current income tax liabilities	15,035	2,528
Accrued employees benefits	3,582	6,608
Accrued liabilities and other debts	6,084	2,680
Trade, other payables and current income tax liabilities	1,056,793	575,565

24. Share capital, share premium and reserves

	31-Dec-16	31-Dec-15
Number of shares	29,383,847	29,368,082
Ordinary shares	294	294
Share premium	148,331	148,159
Total	148,625	148,453

In August 2016 an additional 15,765 shares were issued. The paid up and called share capital increased to € 293,838 with 29,383,847 number of ordinary shares (nominal value € 0.01 per share). Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from Equity, net of any tax effects.

	Cumulative translation account	Other	Total other reserves	Retained earnings	Total
At January 1, 2015	(37)	3,746	3,709	11,711	15,420
Net income for the year				33,608	33,608
Share-based payments		2,174	2,174		2,174
Intangible assets		941	941	(941)	-
<i>Other comprehensive income</i>					-
Re-measurement available-for-sale financial asset		45,972	45,972		45,972
Other currency translation adjustments	55		55		55
Currency translation adjustments subsidiaries	150		150		150
At December 31, 2015	168	52,833	53,001	44,378	97,379
At January 1, 2016	168	52,833	53,001	44,378	97,379
Net income for the year				97,230	97,230
Share-based payments		1,030	1,030		1,030
Intangible assets		977	977	(977)	-
<i>Other comprehensive income</i>					
Disposal available-for-sale Financial asset		(45,972)	(45,972)		(45,972)
Re-measurement available-for-sale financial asset		16,008	16,008		16,008
Other currency translation adjustments	225		225		225
Currency translation adjustments subsidiaries	437		437		437
At December 31, 2016	830	24,876	25,706	140,631	166,337

The total of distributable reserves amounts to 140,631 (2015: 44,378) and the other reserves presented above are restricted for distribution.

25. Contingencies and commitments

The Company has no contingent liabilities in respect of legal claims.

Adyen B.V. and Adyen International B.V. are a fiscal unity for income tax purposes. Under the Dutch Tax Collection Act, the members of the fiscal unity are jointly and severally liable for any taxes payable by the fiscal unity.

Rental obligations (operational lease):

The Company leases offices in various countries and datacenters in the US and Australia expiring within one and six years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated. In 2016 lease rentals amounting to 48 (2015: 9) and 3,062 (2015: 1,920) relating to the lease of machinery and property, respectively, are included in the income statement.

The total lease commitments are as follows:

	31-Dec-16	31-Dec-15
Less than 1 year	3,844	2,922
Between 1 and 5 years	10,107	8,962
More than 5 years		544
Total	13,951	12,428

Per year-end 2016 the Company has a credit facility agreement of 7,500 (2015: 7,500) and 5,217 (2015: 1,384) is used for bank guarantees and letters of credit. The credit facility agreement can be cancelled.

26. Related party transactions

In 2016 Adyen B.V. has a business relationship with two shareholders. Transactions with these related parties relate to consulting services and amount to 87 (2015: 77). These transactions are made in the ordinary course of business based on market conditions. Year-end 2016 the payable to these related parties are nil (2015: nil).

The directors' remuneration is disclosed in note 11.

7. Company balance sheet

As at December 31, 2016 and 2015

(before appropriation of profit)

(all amounts in EUR thousands unless other stated)

	Note	31-Dec-16	31-Dec-15
Non-current assets			
Intangible assets	1.1	3,955	2,978
Property, plant and equipment	1.2	11,006	6,375
Financial fixed assets	1.3	11,039	5,202
Available-for-sale financial asset	1.3	19,605	45,972
Receivables		4,080	-
Total		49,685	60,527
Current assets			
Inventories		3,246	1,462
Receivables	1.4	41,853	16,494
Cash and cash equivalents		264,539	182,154
Total		309,638	200,110
Total assets		359,323	260,637
Shareholder equity			
	1.5		
Called up share capital		294	294
Share premium account		148,331	148,159
Other reserves		25,706	53,001
Retained earnings		43,401	10,770
Profit current year		97,230	33,608
Total equity		314,962	245,832
Non-current liabilities			
Deferred tax liabilities		3,598	-
Total Non-current liabilities		3,598	-
Current liabilities			
Trade and other payables	1.7	24,677	12,801
Current income tax liabilities	1.7	16,086	2,004
Total liabilities		40,763	14,805
Total liabilities and equity		359,323	260,637

8. Company Income Statement

For the years ended December 31, 2016 and 2015
(all amounts in EUR thousands unless other stated)

	2016	2015
<i>Company income statement 2016</i>		
Income from subsidiaries after tax	4,048	540
Other income and expense after tax	93,182	33,068
	97,230	33,608

9. Notes to the Company financial statements

Accounting information and policies

Basis of preparation

The Company financial statements of Adyen B.V. (hereafter: the Company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code, the Company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

The Company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union. In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the Company financial statements of Adyen B.V. should be read in conjunction with the consolidated financial statements.

All amounts in the notes to the consolidated financial statements are stated in thousands of EUR, unless otherwise stated.

Investments in consolidated subsidiaries

Investments in consolidated subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

Investments - recognition of losses

When the Company's share of losses in an investment equals or exceeds its interest in the investment, (including separately presented goodwill or any other unsecured non-current receivables, being part of the net investment), the Company does not recognize any further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investment. In such case the Company will recognize a provision.

1.1 Intangible assets

Internally generated software	
Period ended December 31, 2015	
Opening net book value	2,037
Additions	1,626
Amortization for the year	(685)
Closing net book value	2,978
At December 31, 2015:	
Cost	4,148
Accumulated amortization	(1,170)
Net book value	2,978
Period ended December 31, 2016	
Opening net book value	2,978
Additions	1,989
Amortization for the year	(1,012)
Closing net book value	3,955
At December 31, 2016:	
Cost	6,137
Accumulated amortization	(2,182)
Net book value	3,955

1.2 Property, plant and equipment

Lease rentals amounting to 25 (2015: 8) and 998 (2015: 809) relating to the lease of machinery and property, respectively, are included in the income statement.

	Machinery and equipment	Other	Total
At January 1, 2016			
Cost	7,521	1,395	8,916
Accumulated depreciation	(1,888)	(653)	(2,541)
Net book value	5,633	742	6,375
Additions	6,870	153	7,023
Disposals	(12)		(12)
Depreciation	(2,085)	(295)	(2,380)
Movement	4,773	(142)	4,631
At December 31, 2016			
Cost	14,379	1,548	15,927
Accumulated depreciation	(3,973)	(948)	(4,921)
Net book value	10,406	600	11,006

1.3 Financial fixed assets

Movements in financial fixed assets are as follows:

The consolidated financial statements integrally include the financial statements of the Company and the following group companies, which are economically and organizationally linked to the Company:

	Available-for-sale asset	Investments in consolidated subsidiaries
At 1 January 2016		
Net book value	45,972	5,202
Movements in book value 2016		
Investments		1,352
Share of profit of subsidiaries		4,048
Currency translation subsidiaries		437
Disposal available-for-sale asset	(45,972)	
Available-for-sale asset	19,605	
Subtotal	(26,367)	5,837
At 31 December 2016		
Net book value	19,605	11,039

Adyen B.V.

Name	Legal Seat	Ownership percentage
Stichting Adyen Client Management Foundation	Amsterdam, The Netherlands	
Adyen International B.V.	Amsterdam, The Netherlands	100%

Adyen International B.V.

Name	Legal Seat	Direct and indirect ownership percentage
Adyen Inc.	San Francisco, USA	100%
Adyen Services Inc.	San Francisco, USA	100%
Adyen Nevada	Las Vegas, USA	100%
Adyen GmbH	Berlin, Germany	100%
Adyen France Sarl	Paris, France	100%
Adyen do Brazil Ltda ¹⁾	São Paulo, Brazil	100%
Adyen Singapore PTE. LTD.	Singapore	100%
Adyen UK Limited	London, UK	100%
Adyen Hong Kong Limited	Hong Kong	100%
Adyen Australia PTY Limited	Sydney, Australia	100%
Adyen Canada Ltd.	Saint John, Canada	100%
Adyen Iberia S.L.	Madrid, Spain	100%
Adyen Korea Chusik Hoesa	Seoul, Korea	100%
Adyen Mexico, S.A. de C.V.	Mexico City, Mexico	100%
Adyen Belgium BVBA	Brussel, Belgium	100%
Adyen Nordic AB	Stockholm, Sweden	100%
Adyen (China) Software Technology Co. Ltd.	Shanghai, China	100%
Adyen New Zealand Ltd.	Auckland, New Zealand	100%
Adyen Malaysia Sdn. Bhd	Kuala Lumpur, Malaysia	100%

¹⁾ In 2016 Adyen do Brazil Ltda and Adyen Servicos Pagamento Ltda have been merged

1.4 Receivables

Receivables fall due in less than one year except deposits transferred to Financial Institutions. For 2016 the deposits amount to 196 (2015: 1,180).

	31-Dec-16	31-Dec-15
Trade receivables	6,484	3,205
Receivables from group companies	2,476	808
Receivables from Adyen Foundation	30,671	8,975
Other receivables	1,133	2,370
Prepaid expenses	1,089	1,136
	41,853	16,494

1.5 Shareholders' equity

In August 2016 an additional 15,765 shares were issued. The paid up and called share capital increases to € 293,838 with 29,383,847 number of ordinary shares (nominal value € 0.01 per share). No share capital increase has occurred after August and as per end of December the paid up and called share capital is € 293,838 divided into 29,383,847 ordinary shares with a nominal value of € 0.01 each. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from Equity, net of any tax effects.

The movements in shareholders' equity are as follows:

	Called up share capital	Share premium account	Other legal reserves	Other reserves	Retained earnings	Profit current year	Total
At 1 January, 2015	288	108,184	2,000	1,709	847	10,864	123,892
Allocation of the prior year result					10,864	(10,864)	-
Net result for the year						33,608	33,608
Proceeds on issuing shares	6	39,994					40,000
Funding costs investment		(19)					(19)
Share-based payments				2,174			2,174
Intangibles assets			941		(941)		-
Re-measurement available-for-sale financial asset			45,972				45,972
Other currency translation adjustments			55				55
Currency translation adjustments subsidiaries			150				150
At December 31, 2015	294	148,159	49,118	3,883	10,770	33,608	245,832
At 1 January, 2016	294	148,159	49,118	3,883	10,770	33,608	245,832
Allocation of the prior year result					33,608	(33,608)	-
Net result for the year						97,230	97,230
Proceeds on issuing shares		172					172
Funding costs investment							-
Share-based payments				1,030			1,030
Intangibles assets			977		(977)		-
Disposal available-for-sale financial asset			(45,972)				(45,972)
Re-measurement available-for-sale financial asset			16,008				16,008
Other currency translation adjustments			225				225
Currency translation adjustments subsidiaries			437				437
At December 31, 2016	294	148,331	20,793	4,913	43,401	97,230	314,962

The reserve for translation differences concerns all exchange rate differences arising from the translation of the net investment in foreign entities. The total of distributable reserves amounts to 140,631 (2015: 44,378). The other reserves presented above are restricted for distribution.

1.6 Dividends paid

No dividend has been paid in the years presented.

1.7 Current liabilities

	31-Dec-16	31-Dec-15
Accounts payable	1,704	1,535
Other taxes and social security contributions	2,527	1,984
Income tax	16,086	2,004
Payables to group companies	1,026	2,339
Accrued liabilities and other debts	19,420	6,943
	40,763	14,805

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

1.8 Directors' remuneration

For an overview of the directors' remuneration, reference is made to note 11 of the consolidated financial statements.

1.9 Audit fees

For an overview of the audit fees, reference is made to note 14 of the consolidated financial statements.

1.10 Contingencies and commitments

Adyen B.V. and Adyen International B.V. are a fiscal unity for income tax purposes. Under the Dutch Tax Collection Act, the members of the fiscal unity are jointly and severally liable for any taxes payable by the fiscal unity. Pursuant to the Collection of State Taxes Act, the Company and its subsidiary are both severally and jointly liable for the tax payable by the combination.

In the financial statements of Adyen B.V., tax expenses are calculated on the basis of the commercial result realized by Adyen B.V.

Adyen B.V. and Adyen International B.V. settle these expenses through their intercompany accounts.

1.11 Other

Proposed profit appropriation

Awaiting the decision by the shareholders, the income for the year is separately included in the shareholder's equity as unallocated net income. It is proposed that the result for the year will be added to the retained earnings.

It is proposed that the dividend on the ordinary shares is not paid out but is added to the retained earnings.

Events after balance sheet date

There are no events after the reporting period.

Amsterdam, 7 April 2017

10. Other information

Provisions in the Articles of Association relating to profit appropriation

The Articles of Association of the Company provide that the appropriation of the net income for the year is decided upon at the Annual General Meeting of Shareholders.

For the preferred dividends the Annual General Meeting of Shareholders can elect to pay out the annual dividend on these shares or to add the dividend to the class reserve.

Independent auditor's report

We refer to the next page.

11. Independent auditor's report



Independent auditor's report

To: the general meeting and supervisory board of Adyen B.V.

Report on the financial statements 2016

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Adyen B.V. as at 31 December 2016, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2016 of Adyen B.V., Amsterdam ('the company'). The financial statements include the consolidated financial statements of Adyen B.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2016;
- the following statements for 2016: the consolidated statement of comprehensive income, the company income statement, changes in equity and cash flows;
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

Independence

We are independent of Adyen B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

Ref.: eo399746

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information pursuant to Part 9 Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors and the supervisory board for the financial statements

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.



Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 7 April 2017
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.S. de Bruin RA



Appendix to our auditor's report on the financial statements 2016 of Adyen B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.



We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

1. Directors' report

The Director's report is not included in these financial statements. Such report is available for review and can be obtained from the Chamber of Commerce in the Netherlands.

2. Consolidated Statement of Comprehensive Income

For the years ended December 31, 2015 and 2014

(all amounts in EUR thousands unless other stated)

	Note	2015	2014
Revenues	6	331,101	153,675
Costs incurred from financial institutions		230,939	106,552
Changes in inventory	18	1,712	347
Wages and salaries	9	31,296	18,078
Social securities and pension costs	9	3,732	2,292
Amortization and depreciation of tangible and intangible fixed assets	15&16	2,218	1,056
Other operating expenses	11	20,358	11,716
Income before interest income, interest expense and income taxes		40,846	13,634
Finance income	7	497	239
Finance expense	7	(8)	(1)
Other financial results	12	(293)	93
Net finance income		196	331
Income before income taxes		41,042	13,965
Income taxes	14	(7,434)	(3,101)
Net income for the year		33,608	10,864
Net income attributable to:			
Owners of Adyen B.V.		33,608	10,864
		33,608	10,864
Items that may be reclassified to profit or loss:			
Gains on re-measuring Available-for-sale financial asset	22	45,972	
Other currency translation adjustments	22	55	(28)
Currency translation adjustments subsidiaries	22	150	57
Other comprehensive income for the year		46,177	29
Total Comprehensive income for the year (attributable to owners of Adyen B.V.)		79,785	10,893

The items of other comprehensive income in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 14.

The accompanying notes are an integral part of these consolidated financial statements.

3. Consolidated Balance Sheet

As at December 31, 2015 and 2014 (all amounts in EUR thousands unless other stated)

	Note	31-Dec-15	31-Dec-14
Assets			
Non-current assets			
Intangible assets	15	2,978	2,037
Property, plant and equipment	16	7,692	3,991
Available-for-sale financial asset	17	45,972	
Deferred tax assets	14	919	
Total Non-current assets		57,561	6,028
Current assets			
Inventories	18	1,462	68
Trade and other receivables	19	8,435	5,454
Receivables from financial institutions	19	251,640	147,811
Cash and cash equivalents	20	502,318	330,886
Total Current assets		763,855	484,219
Total assets		821,416	490,247
Equity			
Equity attributable to owners of Ayden B.V.			
Share capital	22	294	288
Share premium	22	148,159	108,184
Other reserves	22	53,001	3,709
Retained earnings	22	44,378	11,711
Total equity		245,832	123,892
Non-current liabilities			
Deferred tax liabilities	14	19	
Total Non-current liabilities		19	-
Current liabilities			
Payables to merchants	21	560,263	351,784
Trade and other payables	21	12,774	12,503
Current income tax liabilities	21	2,528	2,068
Total liabilities		575,565	366,355
Total liabilities and equity		821,416	490,247

4. Consolidated Statement of Changes in Equity

For the years ended December 31, 2015 and 2014
(all amounts in EUR thousands unless other stated)

Attributable to equity owners of Adyen B.V.

	Note	Share capital	Share premium	Other legal reserves	Other reserves	Retained earnings	Total equity
Balance - January 1, 2014	22	263	11,492	1,431	-	1,387	14,573
Net income for the year						10,864	10,864
Proceeds on issuing shares		25	96,692				96,717
Share-based payments	8				1,709		1,709
Intangible assets				540		(540)	-
<i>Other comprehensive income</i>							
Other currency translation adjustments				(28)			(28)
Currency translation adjustments subsidiaries				57			57
Balance – December 31, 2014		288	108,184	2,000	1,709	11,711	123,892
Balance - January 1, 2015	22	288	108,184	2,000	1,709	11,711	123,892
Net income for the year						33,608	33,608
Proceeds on issuing shares		6	39,975				39,981
Share-based payments	8				2,174		2,174
Intangible assets				941		(941)	-
<i>Other comprehensive income</i>							
Re-measuring Afs financial asset	17			45,972			45,972
Other currency translation adjustments				55			55
Currency translation adjustments subsidiaries				150			150
Balance – December 31, 2015		294	148,159	49,118	3,883	44,378	245,832

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 14. The accompanying notes are an integral part of these consolidated financial statements.

5. Consolidated Statement of Cash Flows

(all amounts in EUR thousands unless other stated)

	Note	2015	2014
Cash flows from operating activities			
Income before income taxes		41,042	13,965
<i>Adjustments for:</i>			
- Finance income	7	(497)	(239)
- Finance expenses	7	8	1
- Other financial results	12	293	(93)
- Depreciation of tangible fixed assets	16	1,533	679
- Amortization of intangible fixed assets	15	685	377
- Share-based payments	8	2,175	1,709
<i>Changes in Working capital:</i>			
- Inventories	18	(1,394)	214
- Trade and other receivables	19	(2,981)	(835)
- Receivables from financial institutions	19	(103,829)	(85,289)
- Payables to merchants	21	208,479	208,006
- Trade and other payables	21	271	8,555
Cash generated from operations		145,785	147,050
Interest paid		(8)	(1)
Income taxes paid		(7,874)	(1,268)
Net cash flows from operating activities		137,903	145,781
Cash flows from investing activities			
Purchases of property, plant and equipment	16	(5,236)	(3,353)
Purchases of intangible assets	15	(1,626)	(1,425)
Interest received		495	245
Net cash used in investing activities		(6,367)	(4,533)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		6	25
Share premium paid by the shareholders		39,975	96,692
Net cash flows from financing activities		39,981	96,717
Net increase in cash, cash equivalents and bank overdrafts		171,517	237,965
Cash, cash equivalents and bank overdrafts at beginning of the year	20	330,886	92,787
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		(85)	134
Cash, cash equivalents and bank overdrafts at end of the year		502,318	330,886

6. Notes to the Consolidated Financial Statements

1. General information

Adyen B.V. ("the Company or the Group") is a payment service provider ("PSP") acting under a Payment Institution License issued by the Dutch Central Bank (see Financial Service Act section 1:107) Adyen B.V. is licensed as a Payment Institute under the EU Payment Service Directive and as such regulated and supervised by the Dutch Central Bank. To meet the requirements on the security of funds received from payment services, Adyen B.V. uses a special purpose entity Stichting Adyen Client Management Foundation ("The Foundation"). The Dutch Central Bank will therefore include Adyen B.V. and Stichting Adyen Client Management Foundation jointly in its supervision.

The Company has operations in the Netherlands, Germany, France, Brazil, Singapore, Sweden, UK, Spain, Belgium, Canada, Australia, Korea, Hong Kong, Mexico, China and the United States. The Company is a limited liability company ('Besloten Vennootschap') domiciled in the Netherlands. The address of the Company's registered office is Simon Carmiggeltstraat 6 -50, 5th floor, 1011DJ Amsterdam, the Netherlands.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation and adoption of IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the European Union and in accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

As the financial data of the Company are included in the consolidated financial statements, the income statement in the Company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

All amounts in the notes to the consolidated financial statements are stated in thousands of EUR, unless otherwise stated.

These financial statements were approved by the board of directors for issue on 30 March, 2016.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, unless stated otherwise.

New and amended standards adopted by the group:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015 and are applicable for consolidated financial statements of the Company:

New standards and interpretations not yet adopted:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments,' addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting.

In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard and must be applied for financial years commencing on or after 1 January 2018 subject to endorsement by then. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

IFRS 15, 'Revenue from contracts with customers' is a new standard for the recognition of revenue.

This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognize transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2018), i.e. without restating the comparative period.

At this stage, the Group or the Company is not able to estimate the impact of the new rules on the Group's financial statements. The Group or the Company will make more detailed assessments of the impact over the next twelve months.

Mandatory for financial years commencing on or after 1 January 2018 subject to endorsement by the European Union.

IFRS 16 'Leases', issued in January 2016, includes a new approach to lease accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by leases. The model reflects that, at the start of a lease, the lessee obtains a right to use the underlying asset for a period of time, and the lessor has provided or delivered that right. Both the asset and the liability are initially measured at the present value of lease payments. A lessee presents amortization of the right-of-use asset in the same line item as other similar expenses (for example, depreciation of property, plant, and equipment) and interest on the lease liability in the same line item as interest on other, similar financial liabilities. For lessors, the accounting stays almost the same. However, the definition of a lease, as well as the guidance on the combination and separation of contracts, have been updated. IFRS 16 is effective for periods beginning on or after 1 January 2019 subject to endorsement by the EU by then, with earlier adoption.

The Company is currently assessing the impact of the new requirements. The implementation of IFRS 9, 15 and 16 if and when endorsed by the European Union, may have impact on equity, OCI and net profit.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Consolidation

Subsidiaries are all entities (including structured entities) over which the Company has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Stichting Adyen Client Management Foundation ("The Foundation") is fully consolidated since the foundation solely provides services to the group and is controlled by the Company. As part of the Company's business model, Adyen collects receivables from financial institutions and passes these amounts on to customers. The Foundation acts as a Trustee between the financial institutions and Adyen's merchants.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Company statement of income

An abridged company statement of income is presented in accordance with Section 402 of Book 2 of the Dutch Civil Code.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each consolidated entity in the Adyen B.V. group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Adyen B.V. is the Euro.

The financial statements of entities that have a functional currency different from that of Adyen B.V. ("foreign operations") are translated into EUR as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates). All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entities' functional currency are recognized in the statement of income in "currency translation adjustments".

Intangible assets

The Company's intangible assets are stated at cost less accumulated amortization and include internally generated software with finite useful lives. These assets are capitalized and amortized on a straight-line basis in the statement of income over the period of their expected useful lives as follows:

Internally generated software 5 years.

Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if certain criteria, including technical feasibility and intent and ability to develop and use the technology, are met; otherwise they are expensed as incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Machinery and equipment	5 years
Leasehold improvement	3-5 years
Furniture and fixture	3-5 years

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment of assets

Assets with definite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Company classifies its financial instruments in the following categories:

- i. Financial assets and liabilities at fair value through profit or loss
- ii. Available-for-sale financial assets
- iii. Loans and receivables
- iv. Financial liabilities at amortized cost

The Company only has available-for-sale financial asset and loans and receivables and financial liabilities measured at amortized cost.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise trade receivables and cash and cash equivalents, and are included in current assets due to their short-term nature.

Loans and receivables are initially recognized at fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Financial liabilities:

Financial liabilities at amortized cost include trade payables, bank debt and long-term debt. Trade payables are initially recognized at fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method. Bank debt and long-term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Available-for-sale financial asset:

Available-for-sale investment is a financial asset that is intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial asset is initial recognized at fair value, which is the cash consideration and measured subsequently at fair value with gains and losses being recognized in the consolidated statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the consolidated statement of comprehensive income is recognized in the consolidated income statement. However foreign currency gains and losses on monetary assets classified as available for sale are recognized in the consolidated income statement.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include:

- (i) significant financial difficulty of the obligor;
- (ii) delinquencies in interest or principal payments; and
- (iii) it becomes probable that the obligor will enter bankruptcy or other financial reorganization.

If such evidence exists, the Company recognizes an impairment loss which is taken to the Consolidated Statement of Comprehensive Income.

The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The costs of finished goods comprise the purchase value of these goods. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Provisions

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Fair valuation measurements

The Company has a financial instrument measured at fair value. For disclosure purposes the Company determines the fair value of the financial instruments. The different levels have been defined as follows:

Level 1 – The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2 – The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is also recognized directly in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit / loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and liabilities are presented as non-current.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

Post-employment benefit obligations:

Group companies operate various pension schemes. The entitlement of the employees under the company's pension plans is all classified as defined contribution plans.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the

contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments & option plan:

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of Adyen B.V. The fair value of the employee services received in exchange for the grant of Depository Receipts of the company is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the group revises its estimates of the number of Depository Receipts that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Revenue recognition

Sales from services provided are recognized in the accounting period when the services are rendered. The outcome can be estimated reliably when all the following conditions are met:

- (i) the amount of revenue can be measured reliably;
- (ii) it is probable that the economic benefits associated with the transaction will flow to the enterprise;
- (iii) the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- (iv) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenues are determined on the fair value of the consideration received or receivable. In most cases, the consideration received or receivable will be in cash. In that case, the fair value of the consideration equal to the amount of cash. The amount of the revenue is determined after deducting sales commissions.

Adyen has the following sources of revenue:

- (i) Processing fees
- (ii) Settlement fees
- (iii) Other services

Processing fees are recognized as revenue when a transaction is initiated via the Adyen payment platform. Settlement fees are recognized when a payment transaction has been completed by means of settlement with the merchant. Other fees, such as chargeback letter fees, forex fees and refund fees are recognized as revenue when the services are rendered.

Revenue is recognized based on the assumption that the company acts as a principal for all the payment processing services it provides to the Merchants. Settlement fees are presented net of the amount that is paid to the merchants since Adyen considers itself an agent for the collection of amounts from the consumer and payout to the merchant for this part of the amount that is collected by Adyen. Adyen considers itself a principal for the payment services that it provides to merchants and presents the fees charged and costs incurred to provide these services, including credit card fees and other charges paid to financial institutions, on a gross basis.

Leases

Operating leases:

The group leases certain property, plant and equipment and office buildings. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company currently has no finance leases.

3. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

The financial statements currently contain the following critical accounting estimates and judgments:

Management has determined the company acts as a principal for the total of the amount it charges to the merchants for providing payment services, including the credit card fees, because it believes that the company is the primary obligor for these services and bears the significant risks and rewards associated with providing the payments services to the merchants. This is evidenced by the fact that the entity has the primary responsibility for fulfilling the payment services to the client and has latitude in setting the prices it charges for these services. The amount recognized as revenues therefore includes the credit card fees charged by the various credit card schemes that are recharged to the merchants as part of the settlement fees.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items that are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgments is included in notes below together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgments are:

- Estimated useful life of intangible asset – note 15
- Estimated fair value of certain available-for-sale financial asset – note 17
- Estimated fair value of equity instruments granted - note 8

Estimates and judgments are continuously evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. For a description of the assumptions applied in these significant estimates or judgments we refer to the summary of significant accounting policies.

4. Financial risk factors

Financial risk management

The Company's activities expose it to a variety of financial risks. Risk management is carried out by management. Management identifies and evaluates the financial risks in co-operation with the company's operating units based on principles for overall risk management. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance. Management is of the opinion that the Company's exposure to financial risks is limited.

(a) Market risk

(i) Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises on recognized assets and liabilities, principally trade receivables and trade payables, and investments in foreign operations.

Management does not actively manage the foreign exchange risk because the exposure to foreign exchange risks is limited. This situation is evidenced by the absence of any significant results related to foreign exchange risk in the income statement.

This table below presents the financial assets and liabilities excluding the merchant float:

	31-Dec-15	31-Dec-14
Financial assets		
Available-for-sale financial asset	45,972	
Trade and other receivables	8,435	5,454
Own cash and cash equivalents	184,958	123,767
Total financial assets	239,365	129,221

Financial liabilities		
Trade and other payables	12,774	12,503
Total financial liabilities	12,774	12,503

	31-Dec-15	31-Dec-14
Financial assets		
EUR	238,242	127,682
AUD	537	540
USD	486	627
GBP	44	212
SGD	56	160
Total financial assets	239,365	129,221

Financial liabilities		
EUR	12,774	12,503
Total financial liabilities	12,774	12,503

Foreign currency sensitivity analysis

The sensitivity analysis below details the impact of a 10% strengthening in the Group's significant currencies against Euro, applied to the net result and equity of the Company.

2015	AUD	USD	GBP	SGD
Monetary assets	537	486	44	56
Net monetary position	537	486	44	56
Currency impact	54	49	4	6

2014	AUD	USD	GBP	SGD
Monetary assets	540	627	212	160
Net monetary position	540	627	212	160
Currency impact	54	63	21	16

(ii) Price risk

The Company's exposure to equity securities price risk arises from investment in Visa shares, which are classified in the balance sheet as available-for-sale. In November 2015, Visa Inc. and Visa Europe announced a definite agreement for Visa Inc. to acquire Visa Europe. In December 2015 members of Visa Europe have been informed in writing about the calculation of their share in the transfer proceeds. The fair value is composed of a cash amount and shares and relating to the re-measured value of shares a 50% discount has been applied. The announcement and a letter received from Visa provided the basis for the assessment of the fair value of the available-for-sale financial asset. It is considered unlikely that the fair value will materially differ from the value included in the letters received from Visa Europe.

Amounts recognized in profit or loss and other comprehensive income

The amount recognized in other comprehensive income in relation to the available-for-sale financial asset is disclosed in note 22.

(iii) Interest rate risk

Because the company is not financed with external debt, no significant interest rate risk is present. Although significant liabilities towards the merchants are present, these liabilities are non-interest bearing and are settled at short notice creating no significant interest rate risk.

The cash balances of the company are not significantly exposed to interest rate risk due to the fact that cash is used to settle the current liabilities towards the merchants at short notice and the bank accounts of the company are non-interest bearing.

(b) Credit risk

It is the company's policy to minimize the credit risk. Credit risk is therefore managed on a customer basis. A merchant can be required to place a deposit or other forms of guarantees with the company. The amount of the deposit and/or guarantee is based on the expected value of the transactions that will be processed for the merchants and is adjusted periodically. This deposit covers for potential Refunds, Chargebacks, and other potential financial obligations of Merchant towards Adyen. This together with the fact that Adyen collects the payments on behalf the merchants and settles the payments with the merchants minus the fees charged by the company reduces the credit risk of the company.

The maximum exposure to credit risk for the accounts receivable is equal to the book value minus the amount of the deposits.

Cash and cash equivalents are held at banks. It is the company's policy to only hold cash and cash equivalents at banks with a credit rating A or higher. The credit quality of receivables from financial institutions is assessed based on financial position, past experience and other factors, no defaults occurred during the year and management does not expect any losses from non-performance by these counterparties. As a result the maximum credit exposure is limited.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the company and aggregated in head office which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times.

Surplus cash held by the operating entities over and above balances required for working capital management are invested in interest bearing short-term deposits, which are selected with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The table below analyses the group's non-derivative financial instruments into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2015

	Non- maturity	Less than 3 months	3 months to 1 year	2-5 years	Total
Financial assets:					
Available-for-sale financial asset	45,972				45,972
Trade and other receivables		5,460	1,259	1,716	8,435
Receivables from financial institutions		251,640			251,640
Subtotal	45,972	257,100	1,259	1,716	306,047
Cash					
Non-restricted		499,318			499,318
Restricted				3,000	3,000
Subtotal	-	499,318	-	3,000	502,318
Financial liabilities:					
Payables to merchants		560,263			560,263
Trade and other payables		3,486	2,528		6,014
Accrued liabilities and other debts		8,088	545	655	9,288
Subtotal	-	571,837	3,073	655	575,565
Net position	45,972	184,581	(1,814)	4,061	232,800

December 31, 2014

	Non- maturity	Less than 3 months	3 months to 1 year	2-5 years	Total
Financial assets:					
Trade and other receivables		3,542	18	1,894	5,454
Receivables from financial institutions		147,811			147,811
Subtotal	-	151,353	18	1,894	153,265
Cash					
Non-restricted		327,886			327,886
Restricted				3,000	3,000
Subtotal	-	327,886	-	3,000	330,886
Financial liabilities:					
Payables to merchants		351,784			351,784
Trade and other payables		1,156	2,068		3,224
Accrued liabilities and other debts		10,630	112	605	11,347
Subtotal	-	363,570	2,180	605	366,355
Net position	-	115,669	(2,162)	4,289	117,796

At the balance sheet date the total of non-restricted cash amounts to 499,318 (2014: 327,886). The company has a credit facility agreement of 7,500 (2014: 7,500) and 1,384 (2014: 384) is used for bank guarantees.

(d) Financial instruments and fair values

(a) Measurement categories

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. Those categories are: fair value through profit or loss; loans and receivables; available for sale assets; and, for liabilities, amortized cost.

The company has no balances of financial assets or liabilities classified as fair value through profit and loss.

(b) Fair values, including valuation methods and assumptions

The carrying values of cash and cash equivalents, current receivables and current payables approximate their fair value due to their short-term nature.

5. Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital of the company comprises the reserves and the share capital related to the ordinary shares and the preferred shares.

In order to maintain or adjust the capital structure, the company may amend the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Due to the growth strategy of the company, the Company has no active dividend policy. Earnings are added to reserve to support and finance the growth strategy.

The Company is currently fully financed by means of equity and short-term liabilities which are part of the working capital and for which the duration equals the duration of the related accounts receivable.

6. Revenues

The breakdown of revenue by category is as follows:

	2015	2014
Processing fees	34,485	19,496
Settlement fees	275,857	125,986
Other services	20,759	8,193
	331,101	153,675

7. Finance income and costs

	2015	2014
Finance cost:		
• Interest cost	(8)	(1)
Total finance cost	(8)	(1)
Finance income:		
• Interest income on short-term bank deposits	497	239
Total finance income	497	239
Net finance costs	489	238

8. Share-based payments

The company grants Depositary Receipts to directors and to employees as part of their remuneration. The exercise price paid by the employees is equal to the fair value of the Depositary Receipts granted. The grant of the Depositary Receipts is conditional on the employee completing three years' service (the vesting period). If the employee leaves within the three years, the company has the right, but not the obligation, to repurchase the Depositary Receipts at the original purchase price. Unlike the shareholders, employees do not receive shares in the company but Depositary Receipts. The related shares of the company are held by an administration foundation which issues the Depositary Receipts to the employees. These Depositary Receipts entitle the holder a share of the profits earned by the company.

When an employee leaves the company after the vesting period, the company has the right, but is not required, to repurchase the Depositary Receipts at fair value. If the company does not exercise its right to acquire the Depositary Receipts of the employee, the right is transferred to the other Depositary Receipts holders. If these do not exercise this right, the Depositary Receipts can be sold to a third party at fair value. Currently the company does not have the intention, nor a history or formal management policy which requires the company to re-acquire the Depositary Receipts when an employee leaves the company.

The expenses related to the granted Depositary Receipts amounts to nil because the exercise price equals the fair value at the grant date. The share-based payment plan of the company is classified as an equity-settled plan.

The company has an option plan for directors and employees. Exercisable options give the opportunity to acquire Depositary Receipts. The exercise price of the granted options is equal to the market price of the shares at grant date. Options will vest over a period of four years. The vesting period starts on the grant date. 25% of the options will vest on the first anniversary of the grant date. The remaining 75% of the options will then vest monthly, in equal proportions at the end of each month, over the following 36 months. Options can be exercised at any time from the vesting date until the 8th anniversary of the grant date. The company has no legal or constructive obligation to repurchase or settle the options in cash. The maximum aggregate number of Depositary Receipts in respect to which options shall be granted is 1,312,500. In 2015 224,700 (2014: 819,191) are granted and 380,442 options are exercisable. The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was EUR 9.52 (2014: EUR 4.42) per option.

The following significant inputs to the model were used:

Date of grant	Grant	2015	2014
1 January 2014	Number of instruments granted		498,800
	Exercise price (in EUR)		10.95
	Share price at the date of grant		10.95
1 July 2014	Number of instruments granted		300,700
	Exercise price (in EUR)		10.95
	Share price at the date of grant		10.95
1 October 2014	Number of instruments granted		19,691
	Exercise price (in EUR)		10.95
	Share price at the date of grant		10.95
1 January 2015	Number of instruments granted	10,000	
	Exercise price (in EUR)	22.85	
	Share price at the date of grant	35.50	
1 January 2015	Number of instruments granted	63,700	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	35.50	
13 April 2015	Number of instruments granted	5,000	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	37.60	
20 April 2015	Number of instruments granted	25,000	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	37.70	
1 May 2015	Number of instruments granted	60,000	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	37.90	
1 June 2015	Number of instruments granted	10,000	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	38.60	
1 August 2015	Number of instruments granted	7,500	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	39.80	
20 October 2015	Number of instruments granted	2,500	
	Exercise price (in EUR)	66.50	
	Share price at the date of grant	40.60	
1 November 2015	Number of instruments granted	7,500	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	40.80	
15 November 2015	Number of instruments granted	5,000	
	Exercise price (in EUR)	66.50	
	Share price at the date of grant	41.10	
1 December 2015	Number of instruments granted	28,500	
	Exercise price (in EUR)	66.50	
	Share price at the date of grant	41.40	
	Expected life (years)	6 years	6 years
	Settlement	Equity settled	Equity settled
	Expected volatility (%)	30%	42%
	Expected dividends (dividend yield)	Nil	Nil

The inputs for the annual risk-free interest rate is for January 0.162%, for April -0.052%/-0.079%, for May 0.161%, for June 0.174%, for August 0.192%, for October 0.209%, for November 0.145%/0.076% and for December 0.013%.

The volatility measured at the standard deviation on continuously compounded share returns is based on statistical analysis of daily share prices over the last six years. The volatility of 30% (2014: 42%) is an average volatility of listed peer companies. In 2015 the Company has increased the number of peer companies to obtain a more realistic average volatility percentage.

See note 9 for the total expense recognized in the income statement for share options granted to directors and employees.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2015 Weighted average exercise price (in EUR) per share option	2015 Number of options (thousands)	2014 Weighted average exercise price (in EUR) per share option	2014 Number of options (thousands)
Outstanding at 1 January	10.95	819	-	-
Granted	43.40	225	10.95	819
Forfeited	10.95	(3)		
Outstanding at 31 December	17.96	1,041	10.95	819

9. Wages and employee benefits expense

The expected contributions to the pension benefit plans for 2016 are 930. The average number of fulltime equivalents during the year was approximately 332 FTE of which 111 FTE outside of the Netherlands (2014: 206 FTE / 62 FTE outside of the Netherlands). At year end 354 people were working for the Company.

	2015	2014
Salaries and wages	29,121	16,369
Pension costs – defined contribution plans	604	310
Share based compensation	2,175	1,709
Other	3,128	1,982
	35,028	20,370

10. Compensation of key management

Key management concerns five directors of the company. The compensation paid or payable to key management for employee services is shown below:

	2015	2014
Salaries and short-term employee benefits	1,253	831
Share based payments	469	552
Post-employment benefits	2	5
	1,724	1,388

11. Other operating expenses

	2015	2014
Housing costs	2,190	1,176
Office costs	712	490
IT costs	2,356	1,222
Sales & marketing costs	4,894	2,641
Travel and other staff expenses	5,099	2,771
Advisory costs	4,509	2,838
Other	598	578
	20,358	11,716

12. Other financial results

	2015	2014
Net foreign exchange (loss)	(293)	93
	(293)	93

13. Audit fees

The following audit fees were expensed in the income statement in the reporting period:

December 31, 2015

	PWC Accountants	Other PWC firms	Total
Audit of financial statements	332		332
Other audit services		126	126
Tax services		19	19
Other non-audit services		142	142
Total	332	287	619

December 31, 2014

	PWC Accountants	Other PWC firms	Total
Audit of financial statements	149		149
Other audit services		159	159
Tax services		7	7
Other non-audit services		52	52
Total	149	218	367

The fees listed above relate to the procedures applied to the company and its consolidated group entities by accounting firms and external independent auditors as referred to in section 1(1) of the of the Audit Firms Supervision Act ("Wet toezicht accountantsorganisaties-Wta") as well as by the Dutch and foreign-based accounting firms. Including their tax services and advisory groups.

These fees related to the audit of the 2015 financial statements, regardless of whether the work was performed during the financial year.

14. Income tax

	2015	2014
Current tax:		
Current tax on profits for the year	8,334	3,101
Total current tax	8,334	3,101
Deferred tax:		
Origination and reversal of timing differences	(900)	-
Total deferred tax	(900)	-
Income tax expense	7,434	3,101

The tax on the company's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2015	2014
Profit before tax at statutory rate of 25%	10,261	3,491
Tax effects of:		
Prior year adjustments	(531)	(8)
Innovation box (changes in tax rate)	(2,847)	(1,157)
Tax rate differences on foreign operations	17	345
Non-deductible expenses	534	444
Income not subject to tax		(14)
Income tax expense	7,434	3,101

The effective tax rate of the company is 18% (2014: 22%).

The analyze of the deferred tax assets is as followed:

Deferred tax assets:	2015	2014
– Deferred tax asset to be recovered after more than 12 months	796	
– Deferred tax asset to be recovered within 12 months	123	
Total deferred tax assets	919	-

Deferred tax liabilities:	2015	2014
– Deferred tax liability to be recovered after more than 12 months	(19)	
Total deferred tax liabilities	(19)	-

Net deferred tax assets	900	-
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Deferred tax assets:	2015	2014
At 1 January	-	
State Tax Adyen Inc.	53	
Stock based compensation Adyen Inc.	742	
Accruals Adyen Inc.	124	
At 31 December	919	-

Deferred tax liabilities:	2015	2014
At 1 January	-	
Fixed assets Adyen Inc.	(19)	
At 31 December	(19)	-

15. Intangible assets

	Internally generated software
Period ended December 31, 2014	
Opening net book value	989
Additions	1,425
Amortization for the year	(377)
Closing net book value	2,037
At December 31, 2014:	
Cost	2,522
Accumulated amortization	(485)
Net book value	2,037
Period ended December 31, 2015	
Opening net book value	2,037
Additions	1,626
Amortization for the year	(685)
Closing net book value	2,978
At December 31, 2015:	
Cost	4,148
Accumulated amortization	(1,170)
Net book value	2,978

The group estimates the useful life of the software to be at least 5 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on technical innovations and competitor actions. If it were only 3 years, the carrying amount would be EUR 2,198 as at 31 December 2015. If the useful life were estimated to be 8 years, the carrying amount would be EUR 3,417.

16. Property, plant and equipment

	Machinery and equipment	Other	Total
At January 1, 2014			
Cost	1,439	637	2,076
Accumulated depreciation	(505)	(246)	(751)
Net book value	934	391	1,325
Year ended December 31, 2014			
At January 1, 2014	934	391	1,325
Exchange difference cost	(5)	(3)	(8)
Additions	2,510	843	3,353
Depreciation	(464)	(215)	(679)
At December 31, 2014	2,975	1,016	3,991
At December 31, 2014			
Cost or valuation	3,944	1,477	5,421
Accumulated depreciation	(969)	(461)	(1,430)
Net book value	2,975	1,016	3,991
Year ended December 31, 2015			
At January 1, 2014	2,975	1,016	3,991
Exchange difference cost	(1)	(1)	(2)
Additions	4,486	750	5,236
Depreciation for the period	(1,141)	(392)	(1,533)
Closing net book value	6,319	1,373	7,692
At December 31, 2015			
Cost	8,429	2,226	10,655
Accumulated depreciation	(2,110)	(853)	(2,963)
Net book value	6,319	1,373	7,692

17. Available-for-sale financial asset

	31-Dec-15	31-Dec-14
Available-for-sale financial asset	45,972	-
	45,972	-

The Company received a letter from Visa Europe about its' share in the transfer proceeds. The Company applied a 50% discount on the measured value of the shares. Visa Europe communicated a fair value amount of total EUR 53 million net of tax.

The Visa Europe shares have been re-measured through shareholders' equity, for EUR 45,9 million, to take into account the terms of the agreement of acquisition by Visa Inc. The re-measured value is composed of a cash amount and shares and relating to the re-measured value of shares a 50% discount has been applied.

This discount is representative of the following valuation uncertainties:

- the definitive closing of the transaction, subject to approvals by European authorities,
- the definitive breakdown of the sale price between sellers,
- the liquidity of shares,
- the assessment of litigation related to Visa Europe's activity.

This agreement includes a clause of earn-out payable after the fourth anniversary of the closing. This earn-out has not been taken into account in the valuation of the Visa Europe shares as at 31 December 2015. The transaction is subject "of" regulatory approvals and is expected to close in the second quarter of 2016.

The Company has the following level 3 financial asset:

Recurring fair value measurements 31 December 2015	Note	Level 3	Total
Financial assets			
Available-for-sale financial asset	17	45,972	45,972
Total financial assets		45,972	45,972

The following table shows the movement of Level 3 financial asset:

Available-for-sale financial asset		Equity security	Total
Gains recognized in other comprehensive income	22	45,972	45,972
Closing balance at 31 December 2015		45,972	45,972

The table below summarizes the impact of increase/(decrease) of 5% in the valuation of the preference shares classified as available-for-sale financial asset:

Available-for-sale financial asset	Impact on other reserves	Impact on other reserves
Increase/(Decrease) 5% in the valuation of preference shares (net of tax)	337	(337)
Total impact	337	(337)

18. Inventories

Products for resale	31-Dec-15	31-Dec-14
As at 1 January	68	282
Purchases during the year	3,106	133
Recognized as an expense during the year	(1,712)	(347)
As at 31 December 2015	1,462	68

There are no inventories measured at fair value less cost to sell (2014: nil).

19. Trade, other receivables, receivables from financial institutions and shareholders of Adyen

	31-Dec-15	31-Dec-14
Trade and other receivables	8,729	5,606
Less: allowance for doubtful accounts	(294)	(152)
Trade receivables – net	8,435	5,454
Financial institutions	251,640	147,811
Total	260,075	153,265

No financial assets are past due except for trade receivables. As at December 31, 2015, trade receivables of 3,889 (2014: 2,499) were fully performing, 3,463 (2014: 1,488) were past due but not impaired and 142 (2014: 272) were impaired. The aging analysis of the latter two categories of receivables is as follows:

	2015	2014
Past due but not impaired		
Up to 3 months	2,938	1,183
3 to 6 months	525	305

The following table summarizes the changes in the allowance for doubtful accounts for trade receivables:

	2015	2014
Start of year	152	44
Provision for impairment	142	272
Receivables written off during the year as uncollectible		(164)
End of year	294	152

A provision for impairment is generally recorded for trade receivable balances when there is objective evidence of impairment. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The carrying amounts of trade and other receivables approximate their fair value.

20. Cash and cash equivalents

	31-Dec-15	31-Dec-14
Non-restricted cash	499,318	327,886
Restricted cash	3,000	3,000
Cash and cash equivalents	502,318	330,886

The Company collects receivables from financial institutions and passes these amounts on to customers. The Foundation acts as a Trustee between the financial institutions and Adyen's merchants.

At 31 December 2015 EUR 317 million of cash and cash equivalents relate to cash in the Foundation (31 December 2014: EUR 205 million).

21. Trade, other payables and current income tax liabilities

	31-Dec-15	31-Dec-14
Payable to merchants	560,263	351,784
Trade payables	1,299	180
Taxes and social security	2,187	976
Current income tax liabilities	2,528	2,068
Accrued liabilities and other debts	9,288	11,347
Trade, other payables and current income tax liabilities	575,565	366,355

22. Share capital, share premium and reserves

	31-Dec-15	31-Dec-14
Number of shares	29,368,082	28,766,578
Ordinary shares	294	288
Share premium	148,159	108,184
Total	148,453	108,472

In September 2015 an additional 601,504 shares were issued. The paid up and called share capital increased to € 293,681 with 29,368,082 number of ordinary shares (nominal value € 0.01 per share). No share capital increase has occurred after September 2015 and as per end of December 2015 the paid up and called share capital is € 293,681 divided into 29,368,082 ordinary shares with a nominal value of € 0.01 each. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from Equity, net of any tax effects.

	Cumulative translation account	Other	Total other reserves	Retained earnings	Class Reserve- Preferred Shares A	Total
At January 1, 2014	(66)	1,497	1,431	337	1,050	2,818
Net income for the year				10,864		10,864
Allocation of prior year result				1,050	(1,050)	-
Share-based payments		1,709	1,709			1,709
Intangible assets		540	540	(540)		-
<i>Other comprehensive income</i>						
Other currency translation adjustments	(28)		(28)			(28)
Currency translation adjustments subsidiaries	57		57			57
At December 31, 2014	(37)	3,746	3,709	11,711	-	15,420
At January 1, 2015	(37)	3,746	3,709	11,711	-	15,420
Net income for the year				33,608		33,608
Share-based payments		2,174	2,174			2,174
Intangible assets		941	941	(941)		-
<i>Other comprehensive income</i>						
Re-measuring Afs financial asset		45,972	45,972			45,972
Other currency translation adjustments	55		55			55
Currency translation adjustments subsidiaries	150		150			150
At December 31, 2015	168	52,833	53,001	44,378	-	97,379

The total of distributable reserves amounts to 44,378 (2014: 11,711) and the other reserves presented above are restricted for distribution.

23. Contingencies and commitments

The Company has no contingent liabilities in respect of legal claims.

Adyen B.V. and Adyen International B.V. are a fiscal unity for income tax purposes. Under the Dutch Tax Collection Act, the members of the fiscal unity are jointly and severally liable for any taxes payable by the fiscal unity.

Rental obligations (operational lease):

The company leases offices in various countries and datacenters in the US expiring within one and six years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

In 2015 lease rentals amounting to 9 (2014: 5) and 1,920 (2014: 964) relating to the lease of machinery and property, respectively, are included in the income statement.

The total lease commitments are as follows:

	31-Dec-15	31-Dec-14
Less than 1 year	2,922	1,699
Between 1 and 5 years	8,962	3,704
More than 5 years	544	
Total	12,428	5,403

Per year-end 2015 the company has a credit facility agreement of 7,500 (2014: 7,500) and 1,384 (2014: 384) is used for bank guarantees. The credit facility agreement can be cancelled.

24. Related party transactions

In 2015 Adyen B.V. has a business relationship with two shareholders. Transactions with these related parties relate to consulting services and amount to 77 (2014: 109). These transactions are made in the ordinary course of business. Year-end 2015 the payable to these related parties are nil (2014: nil).

The directors' remuneration is disclosed in note 10.

7. Company balance sheet

As at December 31, 2015 and 2014

(before appropriation of profit)

(all amounts in EUR thousands unless other stated)

	Note	31-Dec-15	31-Dec-14
Non-current assets			
Intangible assets	1.1	2,978	2,037
Property, plant and equipment	1.2	6,375	3,070
Financial fixed assets	1.3	5,202	1,546
Available-for-sale financial asset	1.3	45,972	
Total		60,527	6,653
Current assets			
Inventories		1,462	68
Receivables	1.4	16,494	8,169
Cash and cash equivalents		182,154	123,274
Total		200,110	131,511
Total assets		260,637	138,164
Shareholder equity			
	1.5		
Called up share capital		294	288
Share premium account		148,159	108,184
Other reserves		53,001	3,709
Retained earnings		10,770	847
Profit current year		33,608	10,864
Total equity		245,832	123,892
Current liabilities			
Trade and other payables	1.7	12,801	12,310
Current income tax liabilities	1.7	2,004	1,962
Total liabilities		14,805	14,272
Total liabilities and equity		260,637	138,164

8. Company Income Statement

For the years ended December 31, 2015 and 2014
(all amounts in EUR thousands unless other stated)

	2015	2014
<i>Company income statement 2015</i>		
Income from subsidiaries after tax	540	(825)
Other income and expense after tax	33,068	11,689
	33,608	10,864

9. Notes to the company financial statements

Accounting information and policies

Basis of preparation

The company financial statements of Adyen B.V. (hereafter: the company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union. In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of Adyen B.V. should be read in conjunction with the consolidated financial statements.

All amounts in the notes to the consolidated financial statements are stated in thousands of EUR, unless otherwise stated.

Investments in consolidated subsidiaries

Investments in consolidated subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

Investments - recognition of losses

When the company's share of losses in an investment equals or exceeds its interest in the investment, (including separately presented goodwill or any other unsecured non-current receivables, being part of the net investment), the company does not recognize any further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investment. In such case the company will recognize a provision.

1.1 Intangible assets

	Internally generated software
Period ended December 31, 2014	
Opening net book value	989
Additions	1,425
Amortization for the year	(377)
Closing net book value	2,037
At December 31, 2014:	
Cost	2,522
Accumulated amortization	(485)
Net book value	2,037
Period ended December 31, 2015	
Opening net book value	2,037
Additions	1,626
Amortization for the year	(685)
Closing net book value	2,978
At December 31, 2015:	
Cost	4,148
Accumulated amortization	(1,170)
Net book value	2,978

1.2 Property, plant and equipment

Lease rentals amounting to 8 (2014: 5) and 809 (2014: 507) relating to the lease of machinery and property, respectively, are included in the income statement.

	Machinery and equipment	Other	Total
At January 1, 2015			
Cost	3,284	1,103	4,387
Accumulated depreciation	(903)	(414)	(1,317)
Net book value	2,381	689	3,070
Additions	4,237	292	4,529
Disposals			
Depreciation	(985)	(239)	(1,224)
Movement	3,252	53	3,305
At December 31, 2015			
Cost	7,521	1,395	8,916
Accumulated depreciation	(1,888)	(653)	(2,541)
Net book value	5,633	742	6,375

1.3 Financial fixed assets

Movements in financial fixed assets are as follows:

The consolidated financial statements integrally include the financial statements of the company and the following group companies, which are economically and organizationally linked to the company:

	Available-for-sale asset	Investments in consolidated subsidiaries
At 1 January 2015		
Net book value		1,546
Movements in book value 2015		
Investments		2,966
Share of profit of subsidiaries		540
Currency translation subsidiaries		150
Available-for-sale asset	45,972	
Subtotal	45,972	3,656
At 31 December 2015		
Net book value	45,972	5,202

Adyen B.V.

Name	Legal Seat	Ownership percentage
Stichting Adyen Client Management Foundation	Amsterdam, The Netherlands	
Adyen International B.V.	Amsterdam, The Netherlands	100%

Adyen International B.V.

Name	Legal Seat	Direct and indirect ownership percentage
Adyen Inc.	San Francisco, USA	100%
Adyen Services Inc.	San Francisco, USA	100%
Adyen GmbH	Berlin, Germany	100%
Adyen France Sarl	Paris, France	100%
Adyen Brazil Ltda	São Paulo, Brazil	100%
Adyen Servicos Pagamento Ltda	São Paulo, Brazil	100%
Adyen Singapore PTE. LTD.	Singapore	100%
Adyen UK Limited	London, UK	100%
Adyen Hong Kong Limited	Hong Kong	100%
Adyen Australia PTY Limited	Sydney, Australia	100%
Adyen Canada Ltd.	Saint John, Canada	100%
Adyen Iberia S.L.	Madrid, Spain	100%
Adyen Korea Chusik Hoesa	Seoul, Korea	100%
Adyen Mexico, S.A. de C.V.	Mexico City, Mexico	100%
Adyen Belgium BVBA	Brussel, Belgium	100%
Adyen Nordic AB	Stockholm, Sweden	100%
Adyen (China) Software Technology Co. Ltd.	Shanghai, China	100%

1.4 Receivables

Receivables fall due in less than one year except deposits transferred to Financial Institutions.

	31-Dec-15	31-Dec-14
Trade receivables	3,205	2,220
Receivables from group companies	808	579
Receivables from Adyen Foundation	8,975	3,146
Other receivables	2,370	1,765
Prepaid expenses	1,136	459
	16,494	8,169

1.5 Shareholder's equity

In September additional 601,504 shares were issued. The paid up and called share capital increases to € 293,681 with 29,368,082 number of ordinary shares (nominal value € 0.01 per share). No share capital increase has occurred after September and as per end of December the paid up and called share capital is € 293,681 divided into 29,368,082 ordinary shares with a nominal value of € 0.01 each. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from Equity, net of any tax effects.

The movements in shareholders' equity are as follows:

	Called up share capital	Share premium account	Other legal reserves	Other reserves	Shares A	Retained earnings	Profit current year	Total
At 1 January, 2014	263	11,492	1,431	-	1,050	(2,357)	2,694	14,573
Allocation of the prior year result					(1,050)	3,744	(2,694)	-
Net result for the year							10,864	10,864
Proceeds on issuing shares	25	100,175						100,200
Funding costs investment		(3,483)						(3,483)
Share-based payments				1,709				1,709
Intangibles assets			540			(540)		-
Other currency translation adjustments			(28)					(28)
Currency translation adjustments subsidiaries			57					57
At December 31, 2014	288	108,184	2,000	1,709	-	847	10,864	123,892
At 1 January, 2015	288	108,184	2,000	1,709	-	847	10,864	123,892
Allocation of the prior year result						10,864	(10,864)	-
Net result for the year							33,608	33,608
Proceeds on issuing shares	6	39,994						40,000
Funding costs investment		(19)						(19)
Share-based payments				2,174				2,174
Intangibles assets			941			(941)		-
Re-measuring Afs financial asset			45,972					45,972
Other currency translation adjustments			55					55
Currency translation adjustments subsidiaries			150					150
At December 31, 2015	294	148,159	49,118	3,883	-	10,770	33,608	245,832

The reserve for translation differences concerns all exchange rate differences arising from the translation of the net investment in foreign entities. The total of distributable reserves amounts to 44,378 (2014: 11,711). The other reserves presented above are restricted for distribution.

1.6 Dividends paid

No dividend has been paid in the years presented.

1.7 Current liabilities

	31-Dec-15	31-Dec-14
Accounts payable	1,535	31
Other taxes and social security contributions	1,984	944
Income tax	2,004	1,962
Payables to group companies	2,339	
Accrued liabilities and other debts	6,943	11,335
	14,805	14,272

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

1.8 Directors' remuneration

For an overview of the directors' remuneration, reference is made to note 10 of the consolidated financial statements.

1.9 Audit fees

For an overview of the audit fees, reference is made to note 13 of the consolidated financial statements.

1.10 Contingencies and commitments

Adyen B.V. and Adyen International B.V. are a fiscal unity for income tax purposes. Under the Dutch Tax Collection Act, the members of the fiscal unity are jointly and severally liable for any taxes payable by the fiscal unity. Pursuant to the Collection of State Taxes Act, the company and its subsidiary are both severally and jointly liable for the tax payable by the combination.

In the financial statements of Adyen B.V., tax expenses are calculated on the basis of the commercial result realized by Adyen B.V.

Adyen B.V. and Adyen International B.V. settle these expenses through their intercompany accounts.

Amsterdam, 30 March 2016

10. Other information

Provisions in the Articles of Association relating to profit appropriation

The Articles of Association of the company provide that the appropriation of the net income for the year is decided upon at the Annual General Meeting of Shareholders.

For the preferred dividends the Annual General Meeting of Shareholders can elect to pay out the annual dividend on these shares or to add the dividend to the class reserve.

Proposed profit appropriation

Awaiting the decision by the shareholders, the income for the year is separately included in the shareholder's equity as unallocated net income. It is proposed that the result for the year will be added to the retained earnings.

It is proposed that the dividend on the ordinary shares is not paid out but is added to the retained earnings.

Events after balance sheet date

There are no events after the reporting period.

Independent auditors report

We refer to the next page.